Austria ... Sch. 18	Indonesia ... Rp 2500	Portugal ... Esc 80
Bahrain ... Din 0.650	Italy ... L 1,300	S. Arabia ... Rls 6.00
Belgium ... BFr 42	Japan ... Y250	Singapore ... S$4.10
Canada ... C$1.00	Jordan ... Fils 500	Spain ... Pta 110
Cyprus ... C£0.80	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... DKr 7.25	Lebanon ... L 6.00	Sweden ... Skr 6.50
Egypt ... E£1.00	Luxembourg ... LFr 42	Switzerland ... SFr 2.20
Finland ... Fmk 6.00	Malaysia ... Rin 4.25	Taiwan ... NT $65
France ... FFr. 6.00	Mexico ... Pes. 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 6.80	Turkey ... L 210
Greece ... Dr 70	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Nkr. 6.00	U.S.A. ... $1.00
India ... Rup. 15	Philippines ... Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,753 — Tuesday October 15 1985 — D 8523 B

Belgians opt for more Martens medicine, Page 2

World news

Martens set to lead coalition again

Belgium's King Baudouin started talks with senior political leaders on the formation of a new government expected to be headed again by Wilfried Martens, leader of the Christian Democrats.

The outgoing coalition of Christian Democrats and Liberals from both the French and Flemish-speaking communities of Belgium gained 115 seats in the 212-seat chamber, two more than in the previous election in 1981.

Share prices on the Brussels bourse rose sharply in response to the election result. The Belgian SE index increased 132.38 to 2,642.65, representing a 5.3 per cent increase and a record for the year. Page 2; Page 36

Zia cancels visit

Pakistan President Mohammad Zia ul-Haq called off a scheduled visit to West Germany as opposition mounted to a Bill meant to protect him against possible charges of treason and to write his martial law orders into the constitution.

Sentence upheld

An Austrian court upheld a 20-year prison term imposed on an Arab guerrilla convicted of masterminding a 1981 attack on an Vienna synagogue in which two people died.

Fishermen killed

Three Spanish fishermen were killed and four are missing after their boat was in collision with a Soviet trawler and sank off the Western Sahara coast.

Sudan frees 34

Sudan freed 34 politicians but froze their funds and forbade them to leave the country.

Soviet Asia quake

A powerful earthquake struck the Soviet Central Asian republic of Tadzhikistan, killing an unspecified number of people and destroying homes and factories.

New Swedish Cabinet

Swedish Prime Minister Olof Palme announced sweeping changes in the Government, including the appointment of new ministers for foreign affairs and defence. Page 2

Ireland faces strike

The Irish Republic faces disruption today because of a 24-hour strike by public sector workers over pay.

Polish turnout 'high'

Poland claimed that on the basis of preliminary figures, 78 per cent of those entitled to vote did so in Sunday's elections, which were boycotted by the Solidarity opposition. Page 2.

Paris radio blast

Two bombs planted by the Action Directe urban guerrilla group damaged studios of state-run French radio and television in Paris. The attackers said they were protesting against planned broadcasts by an extreme right-wing politician.

Queen to visit China

Britain's Queen Elizabeth will make her first state visit to a communist country in October next year when she will spend six days in China.

Soldier stabbed

A white soldier was stabbed to death in the eastern Cape, South Africa. He was the first soldier to die in 20 months of unrest. Page 4

Nobel medicine prize

Two American professors, Michael S. Brown and Joseph L. Goldstein, shared the 1985 Nobel prize for medicine. Their work could help to reduce deaths from heart attacks and strokes.

Business summary

Chase increases earnings by 61%

CHASE MANHATTAN, third largest U.S. banking group, increased third-quarter net earnings by 61 per cent to a record $149m. Page 17

WALL STREET: The Dow Jones industrial average closed 14.79 up at 1,354.73. Page 36

DOLLAR finished slightly firmer in London, closing at DM 2.6616 (DM 2.658), SwFr 2.181 (SwFr 2.1795) and Y215.4 (Y214.6). It was unchanged at FFr 8.11. On Bank of England figures the dollar's index fell to 131.2 from 131.3. Page 29

STERLING gained 15 points against the dollar in London to close at $1.4135. It also rose to DM 3.7625 (DM 3.7525), FFr 11.465 (FFr 11.45), SwFr 3.0825 (SwFr 3.0775) and Y304.5 (Y303.0). The pound's exchange rate index rose 0.2 to 80.2. Page 29

GOLD rose $1 on the London bullion market to $327.00 and was also firmer in Zurich at $326.65. Page 28

LONDON: A new peak was reached although profit-taking reduced earlier enthusiastic gains in the FT Ordinary index, which closed 1.3 up at 1,028.8. The FTSE-100 index closed down 1.1 at 1,321.2. Page 36

TOKYO: Small-lot buying of large-capital, domestic demand-related and biotechnology issues pushed prices higher for the seventh consecutive trading day. The Nikkei-Dow market average gained 67.37 to 13,017.29. Page 36

NORWAY's coalition Government presented a 1986 budget providing for significantly higher spending, particularly on health and social services. Page 16

AUSTRALIA's trade deficit totalled A$216m ($154.2m) in September, up A$122m from the August figure. Page 4

JAPAN and the UK hope by early next year to reach a deal over the application by Japanese brokerage houses for deposit taking licences in London. Page 18

LLOYD'S of London insurance market chairman Peter Miller unveiled a £42.5m ($59.9m) settlement with the British tax authorities after one of the most extensive investigations carried out by the UK Inland Revenue into the affairs of a big financial institution.

TAKEOVER battle for Fleet Holdings, British publisher of the Daily Express, Sunday Express and the Daily Star came to a surprise climax when Fleet advised its shareholders to accept United Newspapers' increased offer of £317m ($446.9m).

TRINKAUS & BURKHARDT, West German bank, is offering 22.8 per cent of its shares on the stock market in a move which will substantially cut the holding of Midland Bank of the UK. Page 17

WERNER K. REY, Swiss financier, filed a suit worth more than $20m against Beverly Hills Savings & Loan Association, Californian bank declared insolvent last April. Page 16

CONTROL DATA, financially troubled U.S. computer group, has agreed to sell two more subsidiaries of its Commercial Credit division as part of a wide-ranging restructuring. Page 17

GLAXO, UK pharmaceuticals manufacturer, lifted pre-tax profits by 57 per cent to £402.9m ($568m) for the year to June 30: Lex, Page 16; Details Page 20

FRENCH state-controlled groups Elf Aquitaine and Péchiney have linked with Toray of Japan to produce carbon fibre at a FFr 200m ($24.7m) plant in south-west France. Page 17

ROYAL DUTCH/SHELL has pulled out of a venture to develop a coal mine in Sandong province, China, at an estimated cost of $300m. Page 28

FIAT chairman Giovanni Agnelli denied that his group was involved in discussions on car production with General Motors, although the U.S. group was considering a venture with Fiat's robotics unit.

Middle East peace hopes fade as UK cancels PLO talks

BY RICHARD JOHNS IN LONDON

BRITAIN'S hopes of giving new impetus to a comprehensive peace settlement in the Middle East were yesterday abandoned for the time being, when Sir Geoffrey Howe, Foreign Secretary, cancelled at the last moment his scheduled meeting with two leading members of the Palestine Liberation Organisation.

The controversial talks were called off after the Foreign Office learned on Sunday that Bishop Elia Khouri and Mr Mohammed Milhem, independent members of the PLO's executive committee, were not prepared to express support for a settlement of the Arab-Israeli conflict on the basis of relevant United Nations resolutions and opposition to violence as well as terrorism.

The invitation from Mrs Margaret Thatcher, the British Prime Minister, to a joint Jordanian-Palestinian delegation, was based on a firm understanding thet its members would subscribe to a statement incorporating these principles, the Foreign Office said yesterday.

This diplomatic debacle on a very important procedural issue probably means the end of the initiative launched in February by King Hussein of Jordan and Mr Yassir Arafat, chairman of the PLO, with the full backing of President Mubarak of Egypt.

The initial, modest aim was the start of a dialogue between a joint Jordanian-Palestinian delegation and U.S. officials in preparation for full negotiations of a Middle East peace settlement. But Israel had fiercely opposed the participation of the PLO in any form.

The failure of Bishop Khouri and Mr Milhem, two moderates in the PLO leadership, to agree to the proposed form of words is likely to diminish the PLO's credibility as a prospective partner in any future peace dialogue.

At the same time, most Palestinians seem to regard Mr Arafat's PLO as their sole political representative.

London officials were at pains to refute any suggestion that the cancellation was prompted by the events of the last three weeks in the Middle East – the killing by Palestinians of three Israelis on their yacht moored in Larnaca, the Israeli bombing of the PLO's headquarters in Tunis and, finally, the seizure of the Italian cruise liner Achille Lauro.

The Israeli Government, which had been furious over the prospect of the meeting especially after the Achille Lauro hijacking, welcomed its cancellation. Mr Shimon Peres, Israel's Prime Minister, said that

Continued on Page 16

PLO chief leaves Yugoslavia, Page 4; Editorial comment, Page 14

THE DISPUTED STATEMENT

"The members of the joint delegation all reiterated their personal support for a peaceful settlement of the Arab-Israel dispute on the basis of the relevant UN resolutions, including 242 and 338 of the Security Council. They stated that, in accordance with these resolutions, a settlement should recognise the rights of the Palestinian people, including the right to self-determination within the context of a Jordanian-Palestinian confederation, as well as the right to secure existence of all the states in the area including Israel within its 1967 borders.

"They confirmed their opposition to all forms of terrorism and violence from whatever source."

Sinclair tricycle company 'owes £7.7m'

By John Griffiths in London

UK RECEIVERS called in to Sir Clive Sinclair's C5 electric vehicle company, which ceased production in August, said last night that £7.75m ($10.9m) was owed to creditors – £7m of it to Sir Clive himself.

Mr David Sapte, joint receiver with Mr Anthony Locke, both of London accountants Begbie, Pickering and Co, said some 110 suppliers were owed a total of £750,000. The sum owed to Sir Clive reflected his personal investment in the project, but it had yet to be clarified whether Sir Clive would have preferred status.

Sir Clive, who called in the receivers himself, was unavailable for comment last night.

Mr Sapte said a sales operation for the vehicles would continue to trade. Whether production could resume would depend on whether new investors could be found.

Sinclair Vehicles was formed by Sir Clive about three years ago to develop and market the C5, a battery-powered, pedal-assisted three-wheeler with a 15mph top speed and a price of £399.

At its launch in January, Sir Clive prophesied 100,000 UK sales this year, to be followed by substantial export sales. Eventual capacity of up to 800,000 vehicles a year was envisaged.

The receivers said yesterday a total of 4,500 had been sold and they now controlled stocks of 4,500.

On September 19, Sinclair Vehicles' name was changed to TPD Ltd. with a direct subsidiary, Sinclair Vehicles Sales. Mr Sapte said he was unaware of the reason for the name change. He added "Sinclair Vehicles Sales is solvent and will continue trading normally."

Hoover assembled the machines at its Merthyr Tydfil, South Wales, washing machine plant. In July, it issued a writ against Sir Clive personally seeking £1.5m for alleged unpaid work on the C5 the receiver said that Hoover was not listed among the company's creditors.

Hoover's writ was never served. Last night, the company referred all inquiries to a spokesman for Sinclair Research, Sir Clive's electronics company, who said that the issues between Hoover and Sir Clive "have been resolved." The spokesman would not elaborate.

Sinclair Vehicles, however, was set up independently of Sinclair Research and there are no formal links between the two companies.

Mr Sapte said it was not yet possible to estimate likely returns to unsecured creditors. "There is a considerable stock of vehicles,

Continued on Page 16

Daimler-Benz buys majority stake in AEG

BY JONATHAN CARR IN STUTTGART

DAIMLER-BENZ, the car and truck manufacturer, is taking a majority stake in AEG, the electricals concern, to form West Germany's biggest industrial company with annual sales of more than DM 60bn ($22.6bn).

The transaction will cost Daimler at least DM 1.6bn – perhaps much more.

Dr Werner Breitschwerdt, Daimler's chief executive, said the takeover marked another step in the company's moves to broaden its activities into new, high-technology fields with strong growth prospects.

He recalled that Daimler had already this year taken full control of MTU, the high-performance engine maker, and a majority in Dornier, the aerospace concern. These two moves alone are believed to have cost around DM 1bn.

The takeover of AEG, Dr Breitschwerdt said, brought the prospect of synergy among four closely linked companies – above all in electronics, automation technology and aerospace.

Herr Heinz Dürr, AEG's chief executive, said that as a result of the takeover his company's remaining debt would be wiped out, its capital base strengthened and its competitiveness decisively improved.

AEG came close to bankruptcy a few years ago. But after a rescue mounted by the banks and a court settlement freeing it from much of its debt, it is now modestly in the black. Last year it produced DM 100m operating profit on turnover of DM 11bn, and earnings this year are understood to have improved further.

The takeover by Daimler, one of Germany's richest companies with net profit last year of DM 1.1bn on sales of DM 43.5bn, is taking place in two stages.

AEG's capital has just been increased by DM 250m, and Daimler has already purchased many of the new shares at DM 170 each to give it a 24.9 per cent stake.

Daimler is now offering DM 170 for each of AEG's remaining shares, the largest quantity of which are held by a score of banks and the rest with some 150,000 shareholders.

A 50 per cent staka in AEG would cost Daimler a total of DM 1.6bn. How much more it finally pays depends on the extent to which existing shareholders are willing to relinquish their stakes.

The DM 170 price is 20 per cent above the average of the AEG share price over the last three months. It is lower than the DM 182 peak reached last week, but Daimler says that was the result of speculative buying and feels it will have no problem acquiring the majority.

The takeover is subject to assent by the federal cartel office, but both

Continued on Page 16

Background, Page 14; Lex, Page 16

Craxi faces crisis over release of Abu Abbas

BY JAMES BUXTON IN ROME

THE ITALIAN Government of Sig Bettino Craxi was last night facing a crisis as a result of serious internal divisions over its decision to allow Mohammed Abu Abbas, the Palestinian leader, to leave the country.

The Republican Party, the third biggest in the Government, yesterday informed Sig Craxi of its "total and justified dissent" from the Government's handling of the issue on Saturday afternoon when Abu Abbas was effectively smuggled out of the country.

It said it would not support the Government in parliament over the release of Abu Abbas when the debate takes place on Thursday. Sig Giovanni Spadolini the party leader and Minister of Defence, refused to attend last night's meeting of the inner Cabinet, the first held since the liner Achille Lauro was hijacked by Palestinian terrorists a week ago.

In the past, developments of this kind have often heralded the resignation of a party from government, bringing about its fall. Asked whether the Government would fall, Sig Spadolini said yesterday that this was up to the Prime Minister.

Shortly before the inner Cabinet meeting began, Sig Craxi would say only that such meetings were valid when there was a quorum of members.

Sig Craxi may now have to embark on an urgent mediation effort if he is to keep the Republicans in the Government. However failure of the Republicans to support the Government in parliament should not bring down the administration.

Sig Craxi's Government has lasted for two years and two months. It consists of a coalition of Christian Democrats, Socialists, Republicans, Social Democrats and Liberals.

The Republican Party, which is firmly pro-U.S. and is more favourable to Israel than the two leading parties in the Government, is outraged at what it yesterday called "the hurried and unjustified protection given to the release" of Abu Abbas, despite a request from the U.S. Government for his arrest pending extradition.

The party also condemned the lack of consultation on the Abu Abbas question within the Government, despite Sig Spadolini's request for an urgent meeting of the inner Cabinet.

In effect, the decision to let Abu Abbas go was taken only by Sig Craxi and Sig Giulio Andreotti, the Foreign Minister.

Italy was severely criticised by the U.S. Government for allowing the Palestinian to leave the country. The U.S. believes that he masterminded the terrorist operation to hijack the liner. He arrived in Italy aboard the Egyptian aircraft which was intercepted by U.S. Navy aircraft and forced to land in Sicily.

Two other smaller parties in the coalition, the Liberals and Social Democrats, yesterday both expressed unhappiness about some of the events of the past few days and at the general lack of consultation. But the Liberals made clear that they did not want the Government to fall. The Social Democrats said that the coalition should reach a new agreement on its Middle East policy.

Iata plans cheaper fares for Europe

BY MICHAEL DONNE IN LONDON

GREATER freedom for the airlines to decide what cheaper fares to offer travellers in Western Europe is proposed by member airlines of the International Air Transport Association (Iata) in a plan to be put to European governments this autumn.

The plan is designed to meet growing criticism that government-controlled fares policies in air transport tend to keep fares higher than they need to be and that efforts to achieve greater liberalisation of fares have not gone far enough.

The scheme has been devised by the chief executives of the scheduled European member airlines of Iata and is now being studied by such bodies as the Association of European Airlines.

It envisages the introduction of two fares zones below the existing normal economy class fares – called "discount" and "deep discount."

In each zone, a reference fare would be established by agreement among the airlines. The fares then offered by the airlines in each zone could vary by up to 15 per cent on either side of the reference fare, giving much greater flexibility in pricing.

The discount reference fare would be higher than the deep discount reference fare, but both would be cheaper than any of the present cheap fares.

The settlement of the precise levels of the reference fares would involve much discussion among the airlines, but once fixed they would be changed only at long intervals.

Continued on Page 16

Hanson's investment banker 'undervalued SCM assets'

BY WILLIAM HALL IN NEW YORK

SCM, the New York-based conglomerate which is fighting an unwelcome takeover bid from Hanson Trust, the UK industrial holding company, says that it has found evidence that Rothschild Inc, Hanson Trust's investment banker, valued two of the company's most valuable assets at considerably less than the price at which the company is preparing to sell them to Merrill Lynch.

SCM claims that Rothschild valued the consumer foods business at $77m and the pigments business at $300m in a confidential memorandum dated August 7, two weeks before Hanson launched its first bid for SCM. This is less than the $80m and $350m price tags put on the company by SCM as part of a controversial "lock-up" deal under which it arranged for Merrill Lynch to finance a management buyout to prevent Hanson winning.

The valuation of the two assets is central to the courtroom battle which begins today and is likely to decide the outcome of the two-month-old fight for control of SCM.

Hanson has argued that SCM has agreed to sell the two companies too cheaply and is accusing SCM's board of breaching their fiduciary responsibility to shareholders.

Hanson has begun a $75 a share tender offer for SCM which is trying to go private via a $74 a share offer from Merrill Lynch. SCM's shares fell $¼ to trade at $72½ yesterday morning.

Hanson has found evidence that two companies, Borden and McCormick, have both said they would buy the consumer foods business for more than $100m. Hanson argues that SCM's pigments and consumer foods businesses are worth between $555m and $625m – considerably more than the $430m price put on the asset lock-up.

According to the Rothschild memorandum, SCM is worth between $825m and $1.07bn or between $66 and $83 a fully diluted share.

Sources close to Hanson said yesterday that the Rothschild memorandum had been prepared without access to confidential information and should not be used to undermine its own arguments as to the value of the two companies.

CONTENTS

Europe ... 2, 3
Companies ... 17–19
America ... 6
Companies ... 17, 19
Overseas ... 3, 4
Companies ... 18
World Trade ... 5
Britain ... 7, 8, 10
Companies ... 20, 22, 23

Agriculture ... 28
Arts – Reviews ... 13
– World Guide ... 13
Commercial Law ... 25
Commodities ... 28
Crossword ... 25
Currencies ... 29

Editorial comment ... 14
Eurobonds ... 17, 19
Euro-options ... 32
Financial Futures ... 29
Gold ... 28
Int. Capital Markets ... 17, 19
Letters ... 15
Lex ... 16
Lombard ... 15
Management ... 12
Market Monitors ... 36
Men and Matters ... 14
Money Markets ... 29
Raw materials ... 28
Stock markets – Bourses ... 33, 36
Wall St ... 33–36
London ... 30–33, 36
Technology ... 24
Unit Trusts ... 25–27
Weather ... 16

Japan: Nakasone faces defence dilemma ... 3
El Salvador: no end to the bitter nightmare ... 6
Management: Sino-Sicilian trade breakthrough ... 12
Editorial comment: Britain and PLO; racial equality . 14
Daimler-Benz/AEG: meeting high-tech challenge .. 14
Commonwealth: worries behind apartheid hard line . 15
Lombard: sacred cows and the Gatt ... 15
Lex: Daimler-Benz/AEG; Fleet/United; Glaxo ... 16
France: Peugeot shows way on labour flexibility ... 16
Silicon Valley: strategies for survival as losses bite ... 17

EUROPEAN NEWS

Palme shuffles cabinet in wake of election

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

MR OLOF PALME, the Swedish Prime Minister, yesterday announced sweeping government changes in the wake of last month's general election, including the appointment of new minister for both foreign affairs and defence.

Mr Lennart Bodström, Foreign Minister since 1982, is to be moved to Education and be replaced by Mr Steo Andersson, for 20 years Secretary of the Social Democratic Party and since 1982 Minister of Health and Social Affairs.

Mr Bodström was a surprise choice as the Social Democrats' foreign minister in 1982. He had little previous political experience, either domestically or abroad, and bad spent most of his career in the union movement.

He has failed to impress as Foreign Minister and earlier this year bad to face a vote of no confidence over remarks he apparently made over dinner to a group of journalists which raised doubt about the Government's commitment to the nation's official security policy.

Mr Sten Andersson (52) is one of the senior politicians in the Social Democratic Party. During his period as party secretary, the Social Democrats actively supported the opposition forces in the then dictatorships of Spain, Portugal and Greece and links were developed to liberation movements in Latin America and Africa.

The new Defence Minister is to be Mr Roine Carlsson, Deputy Industry Minister since 1982 and in recent months also Transport and Communications Minister.

Sweden is still trying to secure the appointment of Mr Anders Thunborg, Defence Minister for the past three years, as UN Commisisoner for Refugees, hnt the move has run into some opposition

The overseeing of financial and industrial policy has been left untouched, although the position of Mr Kjell-Olof Feldt, Finance Minister, has been strengthened. Last week Mr Bengt Jobansson, Under-secretary of State in the Finance Ministry, was appointed Wages Minister with responsibility for overseeeing pnblic-sector pay policy. In addition, Mr Erik Asbring, Mr Feldt's other under-secretary, has been appointed chairman of the board of the central bank.

Paul Cheeseright in Brussels assesses the outcome of Sunday's general election

Belgians opt for more Martens medicine

KING BAUDOUIN yesterday started talks with Balgium's senior political leaders on a new government expected to be headed by Mr Wilfried Martens, the outgoing Prime Minister.

THE BELGIAN ELECTION
How the parties finished

Dutch-speaking	No. of seats	Change on '81	Per cent polled	French-speaking	No. of seats	Change on '81	Per cent polled
The coalition							
Christian Democrats	49	+6	21.3	Social Christians	20	+2	8.0
Liberals	22	−6	10.7	Liberals	24	None	10.2
The opposition							
Socialists	32	+6	14.6	Socialists	35	None	13.8
Greens	4	+2	3.7	Greens	5	+3	2.5
Volksunie	16	−4	7.9	French-Democratic Frone	3	−3	1.2
Vlaams Blok	1	None	1.4	Right to work	1	−2	1.2

Sunday's election led to a consolidation of tha parliamentery majority held by centre and right-wing parties. The outgoing coalition of Christian Democrats aod Liberals from both the French and Flemish-speaking communities of Belgium gained 115 seats in the 212-seat Chamber of Deputies, two more than at the 1981 election.

The Socialists, who mada up the main opposition in the last Parliament, increased their representation to 67 seats, while all the other smaller parties outside government lost groud.

So the Belgian dentist, the man in the tobacco shop, the rich physician — sophisticated players of the investment game, conscious of the value of their francs — were right when they shrugged their shoulders before the election and said the coalition would get back.

Mr Martens had campaigned on the government's record. No new approaches, just the same mix as before. The country is three-quarters of tha way to recovery; might as well finish the job, the coalition parties argued. The alternative after all is catastrophe.

In fact, the Socialists had not campaigned for bare-brained schemes. They bad sought a package of measures which would soften the blows of austarity. The trouble was that not only did they oot agree on bow their selective refiation ought to take place, they did not agree on basic security policy.

The Flemish Socialists from the north wanted 16 cruise missiles dismantled and removed. The French-speaking Socialists from the south — Wallonia — were cootent they should stay. There was then the very real possibility that if the Socialists broke through the coalition, there would be serious problems in putting another coalition together at all.

Both the Socialist parties increased their share of tba vote — a warning to the coalition that the light at tha tunnal had better get brightar —but not enough to affect the coalition. Thus, Belgians voted for stability, a no-risks policy.

But that warning is none-the-less real. The Socialists in Flanders cut into the Liberal vote, exposing the weak link of the coalition. And the Flemish Liberals are the most doctrinaire, tha most addicted to free enterprise policies, of all the parties in the coalition.

To that extent, the Socialist campaign that the burdens of austerity are not evenly distributed struck a chord, and it could be that this will force the coalition over the coming months to do something of what the Socialists demanded—restore some consumer purchasing power.

In fairness to the coalition though, it bad never made any secret of the fact that its aims have been, and will remain, to redoce the (by European standards) abnormally high level of government spending and to restore, and then reinforce, corporate competitiveness in the international markets. It is pursuing an export-led boom.

For the coalition though, the loss of Flemish Liberal seats was offset by the strong performance of the Christian Democrats in Flanders—the so-called Martens factor—and the gain of two seats in the south by the Social Christians. The latter attribute their better performance to the fact that, this time round, as opposed to 1981, they were going into the polts after coalition with the right, not with the left.

Add these performances in with the emergence of the French-speaking Liberals as the biggest party on the confused electoral scene of Brussels, plus the increase in the Socialist vote, and it is clear that a fundamental change may be taking place in Belgian politics.

This is the apparent downward trend of avowedly communal parties, of which tbe Flemisb Volksunie is the most striking example, and of the diminisbed interest in minority parties—the Greens always excepted.

Certainly this suggests that politics is becoming less fragmented. The days wben the French Democratic Front could claim a part in a coalition have gone. But it is too soon to auggest that tension between the disputatious Dutch and French speaking communities, glowering at each other over their internal frontier and squabbling when the border gets muzzy, is suddenly likely to disappear.

The point is tbat while the party arithmetic may have changed, the communal sentiments have not. Nor bave the basic economic problems resulting from a shift of power from the old coal and steel sonth to the more newly industrialised north. Both are scrapping for different shares of the cake.

Federalist ideology and demands for casb make a beady mix. For three and a half years, the coalition managed to keep tha issue quiet. But even before it starts again, it will have to address tha question of bow to meet Flemisb claims for a budget. The want that firmly in the programme of the new government.

France sets its sights beyond Star Wars

By David Marsh in Paris

FRENCH NUCLEAR weapons designers are working on plans to build more sophisticated nuclear missiles in order to "punch holes" in any future Star Wars-type defence system developed by the U.S. and the Soviet Union.

M Jacques Chevallier, head of military applications at the Commissariat a l'Energie Atomique (CEA), yesterday said France could deploy warheads during the 1990s and beyond capable of penetrating the type of missile shields envisaged under the U.S. Strategic Defence Initiative (SDI).

M Chevallier, who has overseen development of France's atomic warheads since 1972, suggested that the radar installations controlling future superpower defence systems could be "blinded" by sophisticated French missiles. He said President Ronald Reagan's SDI plans added up to a "space Maginot line" whose effects would be "more pernicious" than the one built during the 1930s.

His remarks, made during a conference commemorating the 40th anniversary of France's atomic energy commission, add up to the most datailed public exposition yet made of how France's nuclear arms designers are reacting to the SDI.

He outlined plans for building a new slim-line TN-75 nuclear warhead, nine of which could be carried by France's submarine-borne M4 missile by 1995. At a later date, he said, France could develop low-flying cruise missiles which would be undetectable by radar and other sensing technology. He believed the Soviet Union would be about three years behind the U.S. in developing a preliminary missile defence.

Stepping up the pugnacious tone which France has been adopting over SDI research, General Jean Saulnier, chief of staff of the French armed forces, cast doubts on the feasibility of the programme on both economic and technical grounds.

He said France was being forced to take account of the likelihood tbat the superpowers would at some point be operating ground-based anti-missile defences, even though their extension would contradict the 1972 Anti-Ballistic Missile Treaty.

But France would be able to take counter-measures at relatively low cost by diversifying the trajectory of missiles and improving warheads as well as through other penetration aids, he said.

Ironically, it coincided with news that the latest protest campaign against French nuclear testing in the South Pacific had run into problems following a mechanical fault on the flagship vessel of the Greenpeace ecologist movement.

French authorities on the island of Tahiti at the weekend barred access to the Greenpeace boat, at the head of a flotilla converging on the French nuclear test atoll of Mururoa.

West German unions plan 'action week' over jobless

BY RUPERT CORNWELL IN BONN

THE WEST GERMAN central union federation (DGB) yesterday embarked upon an "Action Week" of rallies and demonstrations in protest at the centre-right Government's failure to secure a reduction in the country's large unemployment rate.

What happens between now and Saturday is unlikely to bear out some alarmist predictions heard lately that an end to West Germany's legendary good labour relations is at hand. But the programme constitutes the largest display of union muscle since the seven-week engineering worker's strike in the summer of 1984, and as such will be closely watched by both its organisers and the Government in Bonn.

For the former, the rallies to be held up and down the country are a chance to reassert their image, at a time of falling membership and growing disinterest, especially among the young. The Government, meanwhile, will be able to guage from the turnout the strength of feeling on the unemployment issue, with a general election barely 15 months away.

In all, more than 1,000 rallies and meetings have been planned, culminating on Friday and Saturday with demonstrations in 18 cities. The DGB is expecting "hundreds of thousands" of people to turn out, and has printed 5m leaflets for the occasion.

Underlying the protest is a genuine sense of grievance among union leaders at what they see as the coalition's indifference to the unemployment crisis here. The jobless total has been stuck at a post-war record of well over 2m, despite steady if unspectacular economic recovery from the recession of the early 1980s.

The unions took particular offence at Chancellor Helmut Kohl's description of the campaign for a 35-hour week, which led to last summer's strike, as "dumb and stupid," and a meeting last month between Government, unions and labour to try to agree a common strategy to create jobs proved a failure—in union eyes at least.

Herr Ernst Breit, the DGB president, insisted at the weekend that if Bonn were to be taken seriously in its determination to attack unemployment, it would have to give further encouragement to shorter hours, promote more union involvement in corporate decision-making, and restore what he claims are cuts in social benefits since tha centre-right came to power three years ago.

The Government is answering these charges with a battery of statistics of its own—notably that recovery is now gaining pace thanks to its conservative economic policies, and that up to 450,000 jobs should be created during 1985 and 1986.

France's Socialists turn their backs on the past

BY DAVID HOUSEGO IN PARIS

"IT IS the end of one party and the beginning of another," said a senior French Socialist whose position on the left of the movement gave him good reason to be unhappy with tha change in the party's identity to which the recent Toulouse congress gave its blessing.

Former Prime Minister Pierre Mauroy: out of tune

What has disappeared from the Socialist litany is the most easy to define. There was no singing of the Internationale at the end of the congress. Gone were the references to "class war," to a "breach with capitalism," or to the state's role in forcing change in the economy through owning the means of production.

Even M Pierre Mauroy, the former Prime Minister, and the party leader most loyal to the generous-hearted Socialism with which it came to office, bad given a modernist brush stroke to his language. But he still sounded old-fashioned and out of tune with the new mood of the Socialists.

But if tbe party has shed much of its past, it has still to give precision to its new identity. That will take time and will be largely done on the basis of who the party chooses as its next presidential candidate, in the way that the "110 proposals" of President Francois Mitterrand before 1981 defined the Socialism to which the party is now saying farewell.

But the two front-runners as candidates are M Michel Rocard, who has long been the leader of the party's social democrat wiog, and M Laurent Fabius, the Prime Minister, who is certainly to the right of him. Both build their programmes around the view that if they are to stand a cbance io a presidential race, they need the support of a majority of Frenchmen.

That means a programme that appeals to the centre. Thus, the only unambiguously Left-wing party in France is now the Communist — and it has retreated to their working-class ghetto.

Both M Rocard and M Fabius share in common the belief that the goal of economic policy must be the reinforcement of French industrial competitivity. M Rocard at Toulouse preached like an OECD policy document —or like some of the opposition's economic spokesmen — in saying that one of the major challenges that faced France was to free French society of "the rigidities and the strait-jackets in which it is imprisoned."

The reference to "rigidities" is coded language for advocating a programme of work-sharing and job flexibility about which the unions are extremely doubtful.

M Fabius brushed aside another taboo when he said that the Government was ready to put through a law on the "respiratioo" of the public sector.

Decoded, that means that the Socialists are prepared for a partial denationalisation that would legally permit nationalised industries to spin off their subsidiaries.

Both leaders are turning upside down the Socialists' traditional view of the state as a benevolent instrument of economic and social change. For M Rocard, the state has no place as a producer of goods but has an important though more discreet, role as an umpire in the market place, laying down the rules of the game and ensuring that they are enforced.

For M Fabius, what counted over the weekend was protecting the individual against the state. He told the congress that "we must invent new forms of democracy to counter the gigantic power that the public administrations, science and the media bave achieved. That is a key task as it involves preventing the manipulation of the individual."

Another area in which policy is being redefined is over social security. Both leaders take to heart the cluster of recent sociological studies which show the anxieties and uncertainties that recession has brought amongst the more vulnerable sectors of the community.

They are also aware of the limits of public financing. Hence the emergence of a new doctrine in M Rocard's camp of a "minimum social guarantee"

But the implication is that the better-off will have to finance mora of their own health and retirement benefits.

If tha Socialists are badly mauled in the general election next March, the sbock could push them leftward again as happened to the British Labour Party after dafeat. But the chances of a substantial retreat now seem less likely.

In its more optimistic mood over the weekend it was the alternative thesis that preoccupied the party more and which M Rocard forced it to face up to publicly for the first time. His argument is that, as a result of proportional representation, the Socialists—with only 25-30 per cent of the national vote—have no chance of winning an absolute majority

But proportional representation also means that the parliamentary Right might fail as well to secure an absolute majority. Hence the possibilities of alliances, of shifts across party borders and of a blurring of the traditional distinctions between Left and Right.

All this is a minefield for the French Socialists because up to now any talk of "alliances" or "cross party movements" has implied that there were traitors within the Socialist ranks prepared to betray party and principles.

The only Socialist at Toulouse to say squarely that he was in favour of a coalition into which centrists or Right-wing groups might be attracted was M Jacques Delors, now president of the EEC Commission. M Delors did not speak at the conference but made known his views on radio and television.

But M Fabius as well left little doubt that if the Socialists achieved a good score in March, then either he or some of his ministers could be partners in a government whose goal was to support the President of the Republic and which included members of the Centre or the Right. M Rocard could be tempted as well.

Poland claims election turnout of 78%

By Christopher Bobinski in Warsaw

THE POLISH Government claimed yesterday that preliminary figures indicated about 78 per cent of the electorate voted in Sunday's parliamentary elections, despite a boycott by Solidarity.

Mr Lech Walesa, Solidarity's leader said, bowever, that between 45 and 47 per cent voted in Gdansk, Solidarity's birthplace, compared to a government estimate of 70 per cent.

With Solidarity estimates for other areas still awaited, it seems clear that both sides are preparing to claim victory. The Government will claim that some 20m people voted, despite the boycott calls, while Solidarity will estimate that up to 10m resisted official pressure and stayed away, thus openly registering their defiance.

● Polish government economic figures after the first nine months of the year show industrial production growing at 2.7 per cent, compared to an annual target of 4 per cent.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1985.

FINANCIAL TIMES, USPS No: 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

EUROPEAN NEWS

Italy puts forward plans to extend Strasbourg's powers

BY QUENTIN PEEL IN BRUSSELS

THE MOST radical proposals so far to extend the powers of the European parliament over the operation of the EEC have been presented by Italy to the inter-governmental conference seeking to amend the Treaty of Rome.

The plans, presented to the top-level group of national officials negotiating on possible amendments, would give the assembly an effective power of veto over a wide range of new areas, including moves to complete the unified internal market, to co-ordinate research and development and to protect the environment.

They were submitted at the weekend, just before the informal deadline set for new ideas to reform the decision-making processes of the Community and extend its area of authority.

In a flurry of last-minute proposals, France yesterday also put in an amendment on the extension of EEC operations, the Netherlands was expected to submit suggestions on the working of the European Commission and the parliament.

The Italian proposal is the third seeking to tackle the controversial area of how to increase the democratic control of the European parliament over EEC affairs and is likely to run into strong criticism from delegations such the Danish and British.

It has the virtue of being considerably simpler than the amendments already advanced by West Germany and the European Commission, which would divide the powers of the parliament into a range of "baskets" with varying degrees of authority over different matters.

Italy is seeking to give the parliament powers akin to those of national parliaments, to amend proposals from the Council of Ministers at a first reading, and ultimately to reject such proposals by a simple majority at a second reading.

The whole process would be kept to *a strict timetable, with two* months for the parliament to vote on a proposal. Failure to consider the matter would simply allow the council to press ahead.

The earlier proposals on the powers of the parliament, which has been directly elected since 1979 from all 10 member states, would have a variety of different levels of consultation, conciliation and co-operation between the European MPs and the Council of Ministers.

The German proposal would also establish a "mediation committee" to reconcile the views of European MPs and the ministers on specific issues, on the lines of existing practies involving the German Bundestag and the state governments.

Permanent representatives of the member states were meeting in Brussels last night and continuing again today, under the chairmanship of M Jean Dondelinger

Warning shot by Greek bank union

By Andriana Ierodiaconou in Athens

BANK EMPLOYEES in Athens, Piraeus and the surrounding suburbs stopped work for three hours yesterday in protest against economic austerity measures announced by the Socialist Government last Friday. The measures included a 15 per cent devaluation of the drachma and a significant trimming of the present system of wage indexation.

The bank strike was unani*mously approved by the leadership* of the Greek bank employees' federation, which includes socialist, as well as opposition communist and conservative trade unionists. The fear is that socialist labour unions will break ranks with the Government, as well as with the socialist majority in the leadership of Greece's Trades Union Congress, GSEE, and refuse to support implementation of the new austerity measures.

The pro-Moscow communist opposition is leading resistance against the measures, starting today with protest demonstrations in 14 cities around Greece, including Athens, Salonika and Piraeus. A Communist Party central committee announcement emphasised the need "for immediate, united action by all workers, independent of political affiliations."

The Government, meanwhile, beld a special cabinet meeting yesterday "to discuss the implementation of the austerity package." The meeting was expected to be largely devoted to working out a policy for confronting the increasing strikes.

The Government has said it will follow up last Friday's measures with a decision this week on the fate of more than 40 ailing industrial enterprises whose debt to the banking system exceeds 160bn drachmas ($1.2bn). The management of those concerns was taken over by the state

UK repeats threat to quit Unesco

By Patrick Blum in Sofia

BRITAIN yesterday reaffirmed its threat to pull out of the United Nations Educational and Scientific Organisation (Unesco) unless further reforms are made in the organisation.

Mr Timothy Raison, the British Minister for Overseas Development, told delegates attending Unesco's 23rd general conference in Sofia: "We insist on thorough-going and comprehensive reform. Without it our intention to withdraw will be confirmed."

In an otherwise low-key and at times conciliatory speech Mr Raison called for a return to the values and ideals of Unesco's founders and welcomed some of the changes that had taken place in the organisation in the past 18 months. Britain, he said, wanted to uphold the constitution of the organisation.

Britain has taken a leading role since the U.S. pulled out last December in pressing for reforms against what Mr Raison described as persistent problems of inefficiency, political bias and financial mismanagement. There had been some progress and "significant improvements," but this was not enough.

He rejected a notion put forward by some Third World countries and supported by the Soviet Union and its allies that there had now been enough reforms and that Unesco *should settle down* to its normal business. "We do not accept this," he said. "The impetus for reform has to be maintained."

He dismissed moves to sack all U.S. employees from the organisation. "There is no basis for this; we would be very reluctant to see that happen." Such a move could strengthen Britain's decision to withdraw, he suggested.

There has been mounting pressure, especially from *Commonwealth* countries, for Britain to remain in Unesco.

OVERSEAS NEWS

Philippine economy likely to contract

By Samuel Senoren in Manila

THE PHILIPPINES economy will have a negative growth rate in 1985 for the second year running with gross national product shrinking by 2.5 to 3 per cent, the Government economic planning agency said yesterday.

The forecast is a revision of a previous estimate of GNP decline of only 1 per cent for the year. The new projection was made as a result of a 4.6 per cent decline in GNP during the first half.

But the independent Centre for Research and Communication (CRC) came up with a far *more pessimistic economic out*look for 1985 with GNP growth forecast at minus 5 to 6 per cent.

CRC had predicted a negative growth rate of 5 per cent during the first half which came close to the actual 4.6 per cent fall reported in official figures. CRC economists said there was no significant improvement in the key economic components such as consumption, investments, government *spending and exports.*

In 1984, the Philippine economy recorded a negative growth of 5.5 per cent, its worst since the end of World War II.

● Hong Kong's total trade in the first eight months of this year amounted to HK$ 305.1bn (£27.8bn) up 7 per cent from the same period in 1984, the Census and Statistics Department reported, AP-DJ reports from Hong Kong.

Imports totaled HK$ 150.7bn, up 4 per cent. Domestic exports fell by 6 per cent to HK$ 83.9bn while re-exports amounted to HK$ 70.4bn, up 37 per cent.

JAPAN'S DIET PREPARES FOR HEAVY AGENDA

Nakasone faces defence dilemma

BY JUREK MARTIN IN TOKYO

MR YASUHIRO NAKASONE, Japan's Prime Minister, yesterday again committed himself to "respecting" the nine-year-old cabinet guideline restricting defence spending to 1 per cent of gross national product.

He did so in a policy speech inaugurating an extraordinary session of the Diet, his management of which over the next two months may be important to his own chances of remaining in office beyond next autumn.

The Diet's agenda is heavy. It will inelnde new measures, due to be unveiled today, designed to boost domestic economic demand principally hy stimulating public works and private construction projects.

It also features the complex question of the redistribntion of electoral constituencies to take account of the shift of population to the cities. Japanese conrts have already declared the last two general elections unconstitutional (but valid) because of representational imbalances, and Mr Nakasone is said to feel that if the problem cannot be resolved be may even lose his freedom to dissolva the Diet and call elections at his convenience.

Bnt defence spending remains the touchiest issue. In his speech yesterday, he gave no clues es to how he proposed to resolve the apparent incompatibility of the 1 per cent ceiling and the new medium-term defence plan, to which he *is strongly committed* and which implies outlays in excess of 1 per cent.

But, in trying to soften bis hawkish image, he spoke at length of the need for Japan to work for international peace. He said he was pleased that President Reagan and Mr Gorbachev were to meet next month, adding that "Japan will especially wetch and support this American-Soviet dialogue to ensure that it is fruitful."

Eqnally, with an aye to both internal and external critics, of whom China has been recently vocal, be said Japan would not become a military threat to its neighbours, nor would it abandon its non-nuclear principles and its commitment to civilian control of its own military.

Opposition parties heve promised to cross-examine Mr Nakasone rigorously on the defence issue and may even condnct their traditional boycott of parliamentary proceedings. Mr Nakasone has hinted he might respond by calling a snap general election.

In effect, Mr Nakasone will be on the spot for the next two months, relieved only later this month by his trip to New York for the *UN* general assembly and the planned informal summit with leaders of other industrialised nations. Even this excursion is not without potential pitfalls, given the fraught nature of Japan's commercial relations with the U.S. and Europe.

If, at home or abroad, the Prime Minister is less than his customary deft self, his prospects of holding on to office may decline. His principal party rivals, Mr Shintaro Abe, the Foreign Minister, and Mr Noburo Takeshita, the Finance Minister, are biding their time, even if a little complacently, waiting for him to put a foot seriously wrong.

Curiously, both men seem to work well with Mr Nakasone, even to the point, in the case of Mr Abe, that he seems torn by *being identified with* the Prime Minister on the one hend and the political imperative of opposing bim as one of the "new leaders" in the ruling Liberal Democratic Party on the other.

A firmer indicetion of who is running strongly or not will be evident in December, when the annual Cabloet reshuffle is due. Mr Abe and Mr Takeshita might be persuaded to stay on, given next May's economic summit in Tokyo, but if either were to land a central political position, such as LDP Secretary General, their stars would be seen in the ascent and, possibly, the Prime Minister's on the decline.

Japan will today announce a 12-point plan to promote domestic economic demand and thus, it is hoped, help narrow its trade surpluses.

The items fall into two **categories — for immediate implementation and for the longer term. The former includes more housing and public works projects, with some concessionary interest rates available to developers, expanded local bond issuance and a broader role for the Japan Development Bank (JDB).**

The latter section will be less specific, but will call for adoption of the five-day working week, more deregulation, more co-operation between public and private sectors, and better use of national lands.

However, the Government has failed to agree on tax cuts for housing investment, largely because of resistance from the ***Ministry of Finance.*** **This removes something of the muscle from the programme, though e general income tax cut as a pre-election indncement next year by the Government is still very much on the cards.**

Advance word of the details suggests that they go little beyond conventional Japanese fine tuning. Japan, along with other nations, committed itself at the Group of Five finance ministers' meeting in New York to boosting demand but was circumspect in exactly what it could do.

Mr Yasuhiro Nakasone

Australia's trade deficit up sharply

By Michael Thompson-Noel in Sydney

AUSTRALIA RECORDED a trade deficit of A$216m (£108m) last month, up A$122m on August, boosting its current account deficit for September to A$1.1bn up A$140m on the previous month.

Although the domestic economy is performing robustly, Australia's trade record this year has inspired little confidenca.

The trade deficit for the September quarter was A$784m, against A$600m last year, while the current account deficit rose by A$550m on the same quarter last year, to reach A$3.3bn.

Net apparent capital inflow for the quarter was A$2.6bn, down A$272m.

Mr Bob Hawke's Labor Government is enjoying significant successes with its pay and prices pact with the unions, which seeks coherent integration of wage, tax, productivity and prices policies. Yet the trade picture remains glum. Last month the trade-weighted *indexed* value of the Australian dollar (May 1970=100) fell 2.4 points to 64.8.

The local dollar gained fractionally against the U.S. dollar and sterling, but fell by 3.5 per cent against the D-mark and by 8.3 per cent against the yen.

Over the first quarter of Australia's new financial year (July-September), exports rose by 20 per cent to A$9.3bn with machinery and transport equipment accounting *for about 60* per cent of the increases.

The net invisibles deficit for the quarter was 17 per cent higher at A$2.6bn.

OVERSEAS NEWS

PLO chief sought by U.S. over hijack leaves Yugoslavia

BY ALEKSANDER LEBL IN BELGRADE

ABU ABBAS, member of the Palestine Liberation Organisation Executive Committee bas left Yugoslavia after Yugoslavia had rejected an American request to detain him in connection with the hijacking of the Italian cruise liner Achille Lauro.

That Belgrade let him leave came as no surprise in view of Yugoslav-PLO relations. Yugoslavia recognises the PLO as the only representative of the Palestinian people. It maintains diplomatic relations with it, assists it politically and materially, and helped it becoming a full member of the Non-Aligned Movement.

Yugoslavia broke off diplomatic relations with Israel 18 years ago, although it maintains some trade, cultural, sports and othar relations.

Reuter adds from Belgrade: A member of tha PLO delegation, saying he spoke for Nemmer Hamad, head of the mission in Belgrade, confirmed Abu Abbas's departure but refused to say where ha went.

"I don't know why, don't know where, don't know how," said tha young man at the PLO mission, where reporters had been called for a press conference that was cancelled.

Abu Abbas arrived Saturday on a flight from Italy, freed by Italian euthorities, who said they had no reason to hold him. The U.S., claiming he had helped plan the seizure of tha Italian cruise ship, had asked Yugoslavia to arrest him.

● A U.S. State Department spokesman said Washington was asking the Yugoslav Government for confirmation or denial that Abu Abhas had left Yugoslavia, Reuter writes from Washington.

"We, of course, would be extremely upset and disappointed if he has left Yugoslavia."

Peres flies to Washington to 'co-ordinate policy'

BY WALTER ELLIS IN TEL AVIV

MR SHIMON PERES, the Israeli Prime Minister, leaves Jerusalem thia morning for what is expected to be a crucial series of meetings with U.S. leaders in Washington.

Peace with Jordan and the status of the Palestine Liheration Organisation after the Achille Lauro affeir are high on the egenda.

On his way to America, Mr Peres will stop off in Vienna to address a meeting of the Socialist International. This is likely to prove controversial as e result of remarks by Dr Bruno Kreisky, the former Austrian Chancello, to tha effect that M Peres ought not to be allowed to take the rostrum hecause he ordered recent Israeli raid on the PLO headquarters in Tunis.

The atmosphere in Washington should he completely different. The U.S. and Israel have not enjoyed such close relations since the Camp David accords broogbt peace with Egypt in 1978.

President Reagan's action in using navy jets to force down an Egyptian aircraft carrying Palestinians responsible for the seizure of the Achille Lauro wa warmly applauded in Israel, and the President's description of the Tunis raid as "legitimate self-defence" was seen here as the mark of e true friend.

Mr Peres said this week that bis American trip was an opportunlty to "co-ordinate a policy and strategy for the future." The Premier believes he can finanally convince the U.S. this week that the PLO is still bent on terror and cannot be considered a party in any peace talks with Jordan.

The Americans, for their part, have said that they expect progress "within a month" on negotiations with Amman. A report in Sunday's New York Times that King Hussein may now be ready to reassess the role of tha PLO in tha peaca process has been described in Jerusalem as prematura but not necessarily inaccurate.

Israel is anxious to open bilateral talks with the King. It is adamant, however, that the PLO, and Mr Yassir Arafat, its chairman, in particular, shall not he included in any joint Jordanian/Palestinian delegation.

Pretoria opposition party seeks multi-racial support

BY ANTONY ROBINSON IN JOHANNESBURG

EVEN during the dark years of the 1960s when General Smnts' United Party was in decline and Mrs Helen Suzman, the Progressive Party's only MP, alone faced Dr Verwoerd's National Party hell-bent on institutionalising apartheid, a minority of white South Africans have always fought tenaciously for tha defence of liberal principles and against the politics of racial divisiveness.

Most of them have found their political home in what has been called since 1976 the Federal Progressive Party (PFP) which became the official opposition in the white House of Assembly in 1974 after the final break-up of the United Party.

It's leader, Dr Frederik Van Zyl Slahbert, an engaging 45-year-old former Afrikaner academic, has just returned from the first ever talks between a South African parliamentary party and the hanned African National Congress (ANC) in Lusaka.

The meeting, historic in its way, came hard on the heels of the meeting between two prominent businessmen, Mr Gavin Relly, chairman of Anglo American Corporation and Mr Tony Bloom, chairman on the Premier Group, and was designed largely to explain the thinking behind tha PFP's support for the idea of e "conventional alliance."

Launched three weeks ago, tha aim of the alliance is to attract as broad a cross-section of South African opinion as possible behind the need for an open-ended discusison of the kind of constitutional framework reqnired to transform South Africa into a multiracial democracy.

For many the idea of attracting the broadest spectrum—from the right wing Conservative Party to the ANC—is a hopelessly utopian pipe-dream. But the fact that such an idea can be launched at all reflects the way South African politics have opened out in the last 18 months of government-inspired reform accompanied by unprecedented protest and violence in the black townships.

At the last elections in 1981 the PFP secured around 20 per cent of the vote and currently holds 27 of the 178 seats in parliament, against 18 seats for the Conservative Party with tha remainder held hy the Nationalists

The PFP's support, in Dr Slebhert's words, comes mainly from "middle class, suburban, English-speaking whites." Increasingly however, it has also attracted middle class Afrikaners, especially academics and intellectuals like Dr Slabbert who hecame party leader in 1979 after giving up a promising career as professor of sociology.

But the party also receives considerable support from business, particularly English speaking business like Anglo American whose former chairman, Mr Harry Oppenheimer was a long time Progressive MP. Business was never entirely happy with the Nationalists has become more restive in recent years as tha identification of capitalism with the apartheid system has grown in the black community.

But the PFP's identification with middle class values and business money helps to explain why the PFP has never succeeded in attracting working class votes. Both English and Afrikaner working class voters, have tended to desert even the National Party, in its increasingly reformist and centrist mode, and flow to parties like the Conservatives which are right-wing in racial politics but populist and anti-capitalist in socio-economic policies.

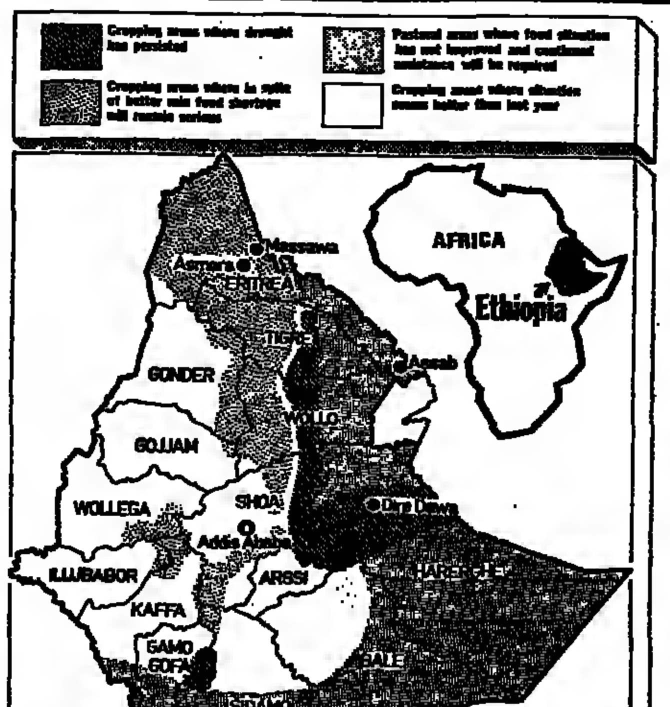
As the official opposition, the PFP plays an important role in the various standing committees, introduces no-confidence debates and responds to the annual budget speech. But it is at question time that PFP MPs come into their own by grilling the Government.

The party is committed to replacing apartheid with a more loosely structured federal state with universal adult suffrage linked to guarantees for minority rights, a powerful senate, e bill of rights and separation of powers.

This is reformist by South African standards but far from radical. Thus in the 1983 constitutional referendum, thousands of PFP voters rejected tha PFP argument that exclusion of blacks would lead to greater polarisation and opted instead to support the Government's tri-cameral parliament for whites, coloureds and Indians. In the light of the experience of the last 18 months Dr Slabbert is convinced that many PFP supporters, and others, now recognise the correctness of the party's analysis.

The PFP is actively recruiting coloured and Indian members with the aim of turning the party into a multi-racial party with members in all three houses of parliament.

But given the trihal nature of white politics, the unassailable looking nature of the National Party majority and the bedevilling factor of race, the PFP will probably remain in opposition indefinitely. But as Dr Slabbert's latest visit to Lusaka and the launching of the convention alliance indicates its role as a catalyst and ice-breaker is likely to be enhanced.



Number of people likely to entirely depend on relief food in 1986

Region	Affected population	% of total population	Region	Affected population	% of total population
WOLLO	1,500,000	38.7	BALE	60,000	6.5
TIGRE	1,000,000	45.2	SIDAMO	300,000	8.5
HARERGHE	1,200,000	31.27	GAMO GOFA	113,000	9.6
ERITREA	650,000	29.4	WOLLEGA	50,000	2.2
GONDER	350,000	13.7	KAFFA	90,000	3.9
SHOA	600,000	8.1	ILLUBABOR	73,000	8.1
			TOTAL	5,860,000	15.6

Ethiopia leader urges continued aid to help feed 5.8m people

BY MICHAEL HOLMAN IN ADDIS ABABA

ETHIOPIA'S leader, Col Mengistu Haile Mariam, has urged aid donors to continue famine relief to tha country in the coming year. Government officials estimate that as many as 5.8m people will need food assistance totalling some 1.2m tons in 1986.

In a rare interview with western journalists in the capital at the weekend, the Ethiopian leader said that rains in some parts of tha country had helped ease the drought which led to an unprecedanted international relief operation over the past year. By the end of 1985 1.3m tons of food will have been shipped to over 6m Ethiopians—nearly 15 per cent of the population.

But the better rains, said Col Mengistu, "have not eliminated the situation, hence the need for assistance," going on to make a specil appeal for the 200,000 children either orphaned or permanently separatad from their parents as a result of the drought.

In the wideranging interview the Ethiopian leader expressed "gratitude" to Western donors, but in answer to a question stressed that the level of Western aid would not affect tha country's political alignment, which is strongly pro-Soviet. He argued that the Western response from voluntary organisations and governments was "basically a humanitarian obligation of every country."

Col Mengistu reaffirmed the country's Marxist-Leninist ideology and said that he "categorically rejected" suggestions by some Western observers that tha country's agricultural policies had exacerbated the impact of tha drought.

He also urged Western donors to reconsider their attitude towards the Government's peasant resettlement programme in which over half a million people have been moved from drought-hit areas to better watered and more fertila land, with a further half million scheduled for resettlement.

Western governments have refused to back the programme, claiming that there has been coercion of families, that tha scheme is ill-planned and in part politically motivated, designed to reduce the population from areas of anti-government rehel activity.

Tha resettlement programme was "an integral part of general development" said Col Mengistu, and "a strategic long term objective."

Col Mengistu's appeal for continued famine relief underlines concern on the part of government officials and aid workers that "donor fatigue" may set in following the initial response to harrowing pictures and accounts of the famine.

Commissioner Dawit Wolde Glorgis, head of Ethiopia's Relief and Rehabilitation Commission, told a donor meeting in Addis Ababa last week that 1.2m tons of food would be needed for up to 5.8m people in 1986. In many areas the last rains had been below normal and in sama cases less than last year, while peasants who had been displaced by the drought, and were without seed or draught animals, were unable to take advantage of the rains.

The worst hit province in 1986 is likely to be Hareregha in tha south east, where crops hava almost entirely failed this season. Government officials in the province's capital, Dire Dawa, last week warned that around 1.2m people will need food aid, and existing supplies will run out in 10 weeks.

It is the fourth successive year of drought for tha province, which has a large nomad population: "We have an impending disaster on our hands unless there is massive assistance," said a local official.

White soldier killed in South Africa

By Our Johannesburg Correspondent

FOR THE first time in over a year of combined army/police operations in South Africa's black townships e 19-year-old white corporal has been killed in the course of duty. The soldier was knifed to death in the Port Elizabeth township of Kwazakele, as he and other soldiers left the safety of their armoured car and ran after e crowd of black demonstrators who had been stoning their vehicle. Corporal Johan Schoeman, a professional soldier, was knifed in an alley and another soldier was knifed in the hand.

Over 670 black township dwellers have died over the last year of rioting and unrest and Mr Louis Le Grange, Minister of Law and Order, announced last month that 11 policemen had been killed and 357 injured during the unrest. Despite the declaration of the stata of emergency in 36 magisterial districts on July 21, under which more than 5,000 people have been detained and nearly 4,000 subsequently released, conditions remain tense in townships where tha underlying causes of unrest, remain.

WORLD TRADE NEWS

S. Korea acts to boost inflow of investment

BY STEVEN B. BUTLER IN SEOUL

SOUTH KOREA has taken further steps to encourage direct foreign investment by increasing the areas open to investment and simplifying procedures.

New regulations raise the ceiling on automatic approval of joint venture proposals from $1m to $3m.

In addition, they grant the Ministry of Finance sole responsibility for the approval of direct investment proposals, removing what has been a serious stumbling block for some companies.

Previously, joint venture proposals of more than $1m went through an inter-ministry foreign capital project review committee. That occasionally subjected proposals to severe political pressures.

In 1984, a British Petroleum proposal for a gas bottling joint venture with Samsung Corporation was rejected after domestic competitors fought bitterly against it by applying pressure on the Ministry of Trade and Industry, which had to pass on all proposals.

The Ministry of Finance is believed to be more firmly committed to attracting foreign equity capital as a means of helping to reduce South Korea's dependence on foreign borrowing.

The rules add 102 categories to the list of approved investment areas. These include soft drinks, communications equipment, vehicle parts, motorcycles and car rental. The total of eligible areas is now 762 ont of 999 Korean business areas.

The Government will also for the first time allow joint investment in the non-life insurance business, although direct investment without a foreign partner is still prohibited. President Reagan recently singled out Korea for unfair trade practices in insurance.

In several other areas, such as motorcycles, ship engines and excavators, foreign investment will only be allowed on a joint-venture basis.

The regulations open more possibilities for direct investment in the production of goods for Sonth Korea's rapidly growing consumer goods market.

Danish airlines fight SAS rights

By Hilary Barnes in Copenhagen

Denmark's four independent airlines have launched a campaign to persuade the Government to limit the exclusive rights enjoyed by Scandinavian Airlines Systems (SAS). They want to expand their own services.

SAS has recently called on the Scandinavian governments, which own half the airline's stock, to extend for 15 years, from 1995 to 2010, the constortial agreement on which SAS operations are based.

The airline claims the extension is necessary if it is to invest in aircraft at the beginning of the 1990s.

The independents, Cimber Air, Maersk Air, Conair and Sterling Airways, have sent a letter to the Folketing (parliament), and a copy to the EEC commission, calling for: rights to fly scheduled routes not used by SAS; and an abolition of all geographic and time restrictions on charter flights abroad.

They also want rights to carry freight and post and are seeking the economic and legal separation of SAS's air transport operations and its other interests,

Alan Friedman reports on the background to a trade fair in Bologna

Britain raises the flag in Italy

FOR THE whole of this week the city of Bologna will have a particularly British flavour. Lord Bridges, Ambassador to Rome, yesterday opened the city's British Trade and Technology week, an effort to promote British exports to Italy.

The focus is on advanced UK technology products and services. Some 25,000 Italian businessmen have been invited to attend specialised seminars on subjects ranging from artificial intelligence and compoter-aided design to anti-pollntion equipment.

The opportunities are real eoough, as a look et Anglo-Italian trade over the past year reveals. The number of UK acquisitions of Italian companies and joint veotures bas been rising and British direct investment in Italy last year reached £465.2m, this represents 14 per cent of total direct investment in Italy from countries in the European Community.

Beyond industrial accords and direct investmeot there is major investment by UK fund managers in the Milan bourse. The City of London'e total invested funds in Italian shares and bonds is believed to be around £500m, or about a quarter of foreign institutional investment in the Italian stock market.

Macro-economic and political factors have persuaded the British business community that Italy offers a far more attractive return on investment than it did some years ago.

The political stability of the Craxi Government over the past two years the halving of the inflation rate to 8.3 per cent in the same period, the improvement in Italian corporate profitability, electoral setbacks for the Communist Party and the relative strength of sterling against the lira have beeo contributing factors.

Anglo-Italian trade can be roughly broken down into three areas — exports, joint-venture agreements and investmeots. Significant progress has been made in each, although there is still much room for improvemeot in British exports.

Last year British exports rose by 27 per eent to £2.9bn, £500m of which was accounted for by oil. But the Italians still sold a higher value of goods to Britain. The UK has for years suffered a trade deficit with Italy, despite the impressive growth of British exports such as chemicals, office machinery and data processing equipment.

Since 1981, British exports to Italy have grown 71 per cent, while Italian exports to the UK have increased 65 per cent. The bilateral trade gap has widened, however, by some £300m to Britain's detriment. Progress is being made—UK exports in the first seven months of this year grew by 40 per cent (23 per cent if oil is excluded), to £1.2bn.

ANGLO-ITALIAN TRADE
(£m)

	UK exports to Italy	UK imports from Italy	UK bilateral trade deficit
1981	1,700	2,300	600
1982	2,000	2,750	750
1983	2,300	3,200	900
1984	2,900	3,800	900

But compared to the degree which other EEC countries bave succeeded in penetrating the Italian market, the UK performance has not done well.

The UK share of Italian imports is around 4.6 per cent, admittedly better than the 3.4 per cent of 1981. But West Germany and France have a much bigger slice of the pie, with 15.9 per cent and 12.4 per ceot respectively.

In industrial co-operation the picture is brighter. ICI recently announced plans to merge its polyvinyl chloride (PVC) interests with those of Enichem, the Italian state-owned company, creating the largest PVC producer in Europe.

Other examples of important Anglo-Italian eccords are the joint ventures between Westland, the UK helicopter maker, and Agusta, its Italian counterpart. They are already eo-operating on the EH 101 offshore helicopter and are working on plans for a light anti-tank belicopter.

In the aircraft and aerospace industries the Italians are seeking closer ties with British companies, not least on a potential European figbter aircraft project which would also include West Germany.

In the defence sector Plessey last year took a 35 per cent stake in Elettronica, Italy's leading maker of electronic warfare equipment.

In other areas GKN, the British engineering group, has taken a third stake in Carraro, e leading maker of four-wbeel drive axles. Grand Metropolitan, meanwhile, has bougbt a 25 per cent stake in the Cinzano group through its international distillers wine and spirits subsidiary.

Apart from joint ventures and takeovers there is a growing awareness in both countries that to operate effectively in a not always common "Common Market" industrial links can prove highly valuable.

Lord Bridges: trade boost

Finally, there is the more predictable interest, on the part of the City, in the boom on the Milan bourse, where the share priee index has risen hy nearly 80 per cent since last January.

UK institutions have been buying shares in Fiat, Pirelli, Olivetti, Montedison and lesser known companies and UK merchant banks bave been working, with UK stockbrokers, to place shares for Italian state companies which are partly privatising.

British diplomats in Rome and Milan, and a regular flow of visitors from the Department of Trade, reckon the potential of the Italian market remains sizeable. In Bologna this week that message is being broadcast by an impressive range of UK companies. The extent to which their efforts bears fruit is

Battle between air giants intensifies

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BATTLE between Airbus Industrie of Western Europe and Boeing of the U.S. for the world's rapidly expanding short-to-medium range jet airliner market has intensified, indicating that the long-awaited airline re-equipment tide is flowing strongly.

Boeing's order book over the past three weeks has grown by firm orders for 67 jet airliners of all kinds, worth over $2bn (£1.4bn). Firm orders for Airbus aircraft in that time have amounted to over 40, worth over $3bn.

The higher value of the Airbus orders is due to the fact that in some cases the purchasers are first-time buyers, requiring big spares packages, as well as the procurement of larger and thus more expensive aircraft.

The Boeing orders include: 19 737-300 twin-jets for Piedmont of the U.S., worth $500m; 25 737-300s for Texas Air, worth $600m; 6 757-200s for Republic of the U.S. worth $240m; 12 737s (4 Series 300s and 8 Series 200s) worth $270m for Western Airlines of the U.S.; 2 747 Jumbo jets for Thai Airways, worth $240m; one 747 for Martinair of Holland, worth over $100m; and two 737-300s for U.S. Air, worth $50m.

For the first nine months of this year, Boeing's order book grew by 201 aircraft, compared with 135 for the corresponding period of 1984.

Most of the orders have been in the short-to-medium range category, indicating that the growth of world air traffic is currently concentrated in that field.

Airbus has been hitting back. Its orders in the last two weeks include two A300F4-200s for Korea Airlines this week and two A-310-300s for Kenya Airways this week. These followed the confirmation of an Indian Airlines order for 19 A-320 short-to-medium range jets (with an option on 12) worth $1.6bn, and a Lufthansa deal for 15 A-320s (with options on 25 more) together with seven A-300-600s, worth in all $1.3bn.

● Westland Aerospace, part of the Westland group, has won an order worth £3.9m for the provision of 30 sets of engine nacelles for the Dash 8 twin-engined turbo-propeller airliner built by de Havilland Aircraft Company of Canada.

British Aerospace said yesterday the U.S. government has ordered its Rapier air defence weapon system to protect two bases in Turkey. The equipment would be manned by Turkish military personnel. British Aerospace said the contract was worth tens of millions of pounds. A Rapier contract last year with Indonesia was valued at £100m. British Aerospace is also planning to demonstrate the weapons system to the U.S. Army.

U.S. distributor halts Algerian gas contract

By Francis Ghiles

DISTRIGAS Corporation, of Boston, has suspended its contract to buy 1.15bn cubic metres of Liquefied Natural Gas (LNG) from Sonatrach Algeria's state oil and gas company.

The company, which is operating under chapter 11 of the U.S. bankruptcy code, said its decision was the direct result of the Federal Energy Regulatory Commission (FERC) ruling made in May last year that bars take-or-pay clauses in supply contracts to U.S. utilities. That ruling did not affect Distrigas' contract with Sonatrach, but it did undermine the company'e dealings with its U.S. customers. Distrigas made a $5m loss over its summer (May to September) operations.

Bush assures Chinese on protectionism

MR GEORGE Bush, U.S. vice-president, yesterday assured Chinese leaders that he would resist protectionist pressures in Congress aimed at slashing textile imports, Reuter reports from Peking.

Mr Bush had seven hours of talks with Chinese officials including Zhao Ziyang, premier, and Hn Yaobang, Communist Party chief, Yaobang,

A spokesman for Mr Bush said the main issue in the talks was trade. The overall tone was positive despite Chinese concern about the Jenkins Bill, which seeks to restrict textile imports from China and other countries in order to protect jobs in the U.S., and was passed by the House of Representatives last week.

Bosporous Bridge deal

A group of 19 Japanese life insurance companies and banks signed an agreement yesterday to lend the Turkish Government Y16.6bn (£54m) to help finance the second Bosporus Bridge linking Asia and Europe, Mitsubishi Bank, AP-DJ reports from Tokyo.

The agreement was signed by Turkish officials and a group that includes Mitsubishi Bank, the Bank of Tokyo and the Dai-Ichi Kangyo Bank.

The loans will carry an annual interest rate of 1.375 per cent plus Japan's olng-term prime rate and will be repayable in eight years, inclnding a four-year grace period. The prime rate is currently 7 per cent.

Mitterrand set for high level Brazil talks

By Andrew Whitley in Rio de Janeiro

PRESIDENT Francois Mitterrand of France swept into Brasilia yesterday aboard an Air France Concorde determined to restore relations with Brazil to the glories prevailing at the turn of the century "belle epoque."

The five-day state visit is being used in a characteristically French way to promote greater contacts and understanding between tha two once-close nations in an array of fields as diverse as high technology, science, fashion and gastronomy.

On a more prosaic, but for Brazil rather more pressing, note, the French President is expected to give his public support for a political level dialogue between debtor countries and their major creditors, endorsing a regular Brazilian appeal.

So far, the call has appeared to fall on deaf ears in the industrialised west, but the recent shift in position by the U.S. on the need for greater flexibility on the debt question has raised hopes here that, finally, a broad-ranging dialogue may be about to get under way.

In his two scheduled rounds of talks with President Jose Sarney, President Mitterrand is expected to come under pressure to add substance to the rhetoric by backing a multi-year rescheduling agreement for Brazil's official debt through the Paris Club.

Pending agreement with the International Monetary Fund and private creditors, responsible for three quarters of the $104bn debt, Brazil has put to one sida any substantive negotiations with the Paris Club countries. This year it has been paying neither interest nor capital on its officially-backed medium-and long-term debt.

Commerce and industry barely get a look in on an official agenda

But it is hard to imagine that the large French delegation will lose the opportunity to pursue various commercial interests which have been hanging fire. Among the more notable prospects are the sale of helicopters to tha Brazilian air force and navy—in tough competition with the U.S.—and the electrification of a trunk railway line in Sao Paulo state.

Kidnap of Duarte's daughter places him under growing strain

No end to Salvador nightmare

BY HUGH O'SHAUGHNESSY IN LONDON AND TIM COONE IN MANAGUA

IMPOSSIBLE as it may sound, the war in El Salvador is becoming even more bitter than before.

A month after the kidnap of Sta Inés Guadalupe, the 35-year-old daughter of President José Napoleón Duarte, there is no sign of her release, and relations between the government and the FDR-FMLN left-wing insurgents have sunk to new lows.

Today's anniversary of the talks held in the village of La Palma between Government and guerrillas to end the five-year-old civil conflict, which has cost the lives of 50,000 people, or 1 per cent of the Salvadorean population, is a dispiriting one. The will to continue peace talks has evaporated and there seems to be scant chance that they will ba resumed.

The atmosphere in El Salvador is similar to the one pervading the whole region. Despite early hopes for the regional negotiations promoted the Contadora group of governments (Mexico, Panama, Colombia and Venezuela), last week's encounter in Panama on

Duarte—hard times

a peace treaty got off to a bad start.

Tha kidnap of the President's daughter with a 23-year-old woman friend on September 10 was a murky business. Responsibility for it was claimed by a group calling itself the Pedro Pablo Castillo Front which is affiliated to the FDR-FMLN alliance. Leaders of tha alliance have, however, repudiated the kidnap.

The kidnappers have demanded the release of 24 left-wingers in exchange for the two women. The choice before Sr Duarte would be a difficult one even if his own daughter were not involved. A release of the left-wingers would almost certainly lead to more kidnappings and angry recriminations by some of the military. Moreover, the President's room for manouevre is circumscribed by the fact that eight of the leftwingers whose freedom is being demanded cannot be accounted for; they appear to have died in captivity. They are among soma 5,000 who have "disappeared" during tha course of tha war.

The strain on a President who is normally credited with nerves of steel is showing.

Reporters are able to monitor his contacts with the kidnappers by radio and through news agency reports, one of which reported a recent conversation which ended with Sr Duarte screaming that he did not have enough évidence that his daughter was in good health. Ha had previously heard a message from her begging him to get her out.

While the government refuses to release its captives, the insurgents are equally adamant that they will not include in any swap 23 village mayors who have been in their power for several months.

Sr Rubén Zamora, a leader of the left-wing FDR-FMLN alliance, claims: "This spiral of violence is a direct consequence of the breaking of peace negotiations by the government." He argues that despite a stepping up of tha army's efforts to crush the insurgency and the government's efforts to win the support of organised labour with better wages and conditions, the Government is no nearer victory than it ever was. "Both the military and the economic strategies are now in crisis," he comments.

He discounts arguments that the army is opposing the release of the left wingers. "The army has exchanged prisoners in tha past, and they know it might be one of their daughters tomorrow instead of Duarte's."

Despite clear differences in their ranks about the kidnapping, the insurgent forces are still able to strike powerful blows against tha army, as was demonstrated last week in a rebel attack on an army barracks near the port of La Unión.

For its part, Government forces, with increasing supplies and training from the U.S., is not letting up. There is an increasingly bloody stalemate in El Salvador.

The pain continues: a Salvadorean army soldier clutches his side after being shot

Nicaragua condemns move by Ecuador

By Tim Coone in Managua

NICARAGUA has called the decision by Ecuador to break off diplomatic and consular relations between the two countries as "regrettable, precipitate and unjustified."

Sr Leon Febres Cordeo, the Ecuadoran President, announced the rupture last Friday, givin gthe reason as President Daniel Ortaga's remarks made earlier in the week that Ecuador was serving U.S. interests and that its possible inclusion in the support froup for Contadora would create a division in the regional peace forum.

President Ortega had in turn responded to comments made by President Febres last week in which he said Nicaragua's elections last November were illegitimate, and that until there are free elections in Nicaragua there would be "a lit bonfire in Central America."

Sr Miguel d'Escoto, the Nicaraguan Foreign Minister, said at the weekend that the Ecuadorean decision was a "disservice to Contadora" and that it should "totally disqualify Ecuador from its efforts to incorporate itself into the support group of Contadora."

President Ortega accused President Febres of trying to interfere in the internal affairs of Nicaragua and said he "lacked moral authority" to criticise Nicaragua when President Febres had himself suspended next year's elections in Ecuador "violating the constitution of his country." He said that President Febres "should put his own house in order."

Sr d'Escoto also sharply criticised the Reagan Administration accusing it of being behind the Ecuadorean decision and the recent setbacks in the Contadora Group negotiations which wera postponed at tha end of last week.

Sr d'Escoto blamed El Salvador and Honduras in particular for objecting to limits being placed on foreign military exercises in the region. He said their new negotiating position was "a rejection of a fundamental principle of the document of objectives" of tha group.

The U.S. Government was trying to prevent the signing of a peace treaty in the region. Ha accused the U.S. of being "an outlaw government" which was demonstrated he said "by the way it has fled in a shameful manner from tha International Court of The Hague."

Businessman to lead Alberta

BY BERNARD SIMON IN TORONTO

AN EDMONTON businessman, Mr Donald Getty, has been chosen as the next premier of the oil-rich Canadian province of Alberta.

He succeeds Mr Peter Lougheed, one of Canada's most respected and influential provincial leaders who is leaving politics after 20 years as head of the province's progressive Conservative Party, 14 of them as Premier.

Mr Getty, 52, has pledged to maintain Mr Lougheed's determined defence of western Canadian interests in Ottawa, and his support for free trada between Canada and the U.S.

Speaking shortly before his election as party leader at e convention in Edmonton, Mr Getty said that "when we are treated unfairly, we will always fight and we will fight with anyone."

As energy minister in tha Lougheed Government in the mid-1970s, Mr Getty was closely involved in Alberta's campaign against federal Government energy policies which favoured oil and gas consumers in central and eastern Canada by holding domestic prices below world levels and imposing higher taxes on energy producers. He left politics in 1979, becoming a director of some leading Canadian companies.

Tensions between Alberta and Ottawa have receded since the Progressive Conservatives took office in Ottawa a year ago. One of the key initiatives of the new federal Government has been an agreement with three western energy-producing provinces, providing for substantial tax concessions

U.S. consumer confidence falls

CONSUMER confidence fell in the U.S. for the second month in succession in September but remained at relatively high levels, according to a U.S. economics research organisation, Reuter reports from New York.

"Latest survey reading suggest continued economic expansion through the rest of the year although at a slower pace than is being projected by the more optimistic economic forecaster," Mr Fabian Linden, executive director of the Conference Board's consumer research centre, said in a statement.

The U.S. Administration has forecast 5 per cent real growth in the second half of 1985 after only 1.1 per cent in the first half.

Tha board said its consumer confidence index, base 1969-70, dropped to 87.2 in September from 89.9 in August.

Less than 20 per cent of the 5,000 families polled for the monthly survey expected business conditions to improve and more than 17 per cent foresee fewer jobs, compared with over 21 per cent and 15 per cent respectively in August.

Chrysler faces strike deadline

CHRYSLER, the third largest U.S. car maker, faces a strike deadline tonight for both the U.S. and Canada in labour negotiations which both company and union bargainers say have been very slow, agencies report from Detroit.

The company has recovered from its brush with bankruptcy and mada more than $4.2bn (£3bn) in profits since the start of 1983.

But analysts project that a company-wida walkout by the United Automobile Workers union would cost Chrysler about $70m a week in reduced gross profits.

The negotiators were understood last night to be struggling with major issues. The talks, which affect about 70,000 workers, were expected to follow a format set by the UAW contracts signed last year with General Motors and Ford.

A proposal by Chrysler last week called for shifting more of the expense for benefits such as health care to employees, something Chrysler has tried before but which tha union has st[illegible] resisted.

Guyana announces plan to reform electoral system

BY CANUTE JAMES IN KINGSTON

GUYANA has bowed to persistent foreign and local criticism of its electoral system, and plans to implement reforms before the next General Election.

The election, constitutionally due by the end of March, is likely to be called by December by Mr Desmond Hoyte, the President.

In announcing the electoral reforms, Mr Hoyte said they were intended to end questions about the credibility of elections and deprive defeated parties of the basis for claiming that voting was unfair.

"Consideration is being given, among other things, to restricting or abolishing, as may be necessary, postal voting, proxy voting and overseas voting," Mr Hoyte said.

The Marxist Peoples Progressive Party (PPP) and the Socialist Working Peoples Alliance have frequently cited abuses in proxy and overseas voting, claiming these had contributed to keeping the ruling Peoples National Congress (PNC) in office for the past 21 years.

Charges of electoral malpractice have also been made by international human rights organisations.

President Hoyte, who took office two months ago following the death of Mr Forbes Burnham, is said to favour an early election, possibly in the first half of December.

Meanwhile Dr Cheddi Jagan, leader of the PPP, has met with the president to discuss a "broad based united government" with the PNC. The opposition alliance renewed interest in co-operation following an invitation from Mr Burnham earlier this year.

"By God, I want these talks to succeed," said Dr Jagan, a Marxist. "If there is no solution, the country could simply burst apart."

Such a unity could reduce the level of domestic opposition to the Government in the event that it reaches agreement for a package of credits from the International Monetary Fund

Suttons seeds buys up rivals

By Martin Dickson

SUTTONS Seeds, one of the leading suppliers of seeds to Britain's gardeners, announced yesterday that it had bought three of the other leading names in the industry – Carters Tested Seeds, Samuel Dobie and Son and R. and G. Cuthbert.

All three are subsidiaries of Horticultural and Botanical (Holdings), which has been sold to Suttons, a private Torquay-based company, by Reckitt & Colman, the household products and foods group.

No figures were disclosed, but Suttons is believed to have paid more than £1m for the businesses. Although small in cash terms, the deal is significant for the horticultural sector, since it will mean a substantial concentration of market power.

Apart from Suttons, other leading garden seeds producers include Bees and Thomson & Morgan of Ipswich, Suffolk.

Horticultural and Botancial was acquired by Reckitt last December as part of its £165m purchase of Airwick, the air-freshener and household cleaners group, from Ciba-Geigy. Reckitt wanted to dispose of it, since seeds do not fit in with any of its other activities.

Suttons said yesterday that each of the three companies would continue to be operated separately as each had a brand with a considerable market loyalty and each had specialist items of interest to the gardening market.

The flop that unseated Sir Clive

BY JOHN GRIFFITHS

WHEN Sir Clive Sinclair launched his C5 electric tricycle on January 10 he declared that by the turn of the century "the petrol engine will be seen as a thing of the past."

Ten months later, it is Sir Clive's creation that is a thing of the past – unless someone comes to the rescue with enough to pay creditors and restart production.

Mr David Sapte and Mr Anthony Locke, receivers from London accountants Begbies, yesterday began the task of unsrambling the vehicle company's affairs. They see that January launch as symbolising much of what was wrong with the project.

It took place before the world's media at London's Alexandra Palace with "test drives" on the snow-covered ground.

The few journalists who ventured out returned shivering – and dubious about the C5's abilities in cold and hilly conditions.

As sales failed to take off, Sir Clive himself, by early summer, was prepared to concede that it might have been better to launch the C5 in spring.

"The vehicle appears to have been marketed wrongly," observed Mr Sapte yesterday, echoing criticisms of earlier Sinclair ventures. "It was presented as serious transport, when perhaps it should have been presented as a luxury production an up-market plaything."

Sir Clive's appointment of receivers ended a catalogue of adversity for the machine, which in the last few weeks has been offered for sale by the Comet retail chain for £189 – less than half the original price of £399.

Sir Clive put £7m into the venture personally. Hoover also assumed some of the risk in setting up the production facility at its Merthyr Tyfil, South Wales, washing-machine plant.

By the end of last year the first vehicles were coming off an assembly line capable of producing 180,000 C5s a year.

A few day before its launch the British Safety Council suggested that the vehicle was a potential safety hazard in terms of its visibility to other road users.

The 15mph ". trike" also ran into criticism – not least that its claimed 20-mile range was over-optimistic.

By the end of January Sinclair Vehicles announced that plans for a second assembly were line "postpooed."

By mid-February, however, the company was claiming that over 5,000 bad been sold. Figures issued by the receivers yesterday show the total so far to be 4,500.

In March, Sir Clive said the C5 would be followed in a few years by larger models. But by the last week of April, production was cut from 1,000 a week to 100. The 100 Hoover employees assembling the C5 were cut to a dozen.

The vehicle also fell foul of the advertising Standards Authority, which ruled that some claims made for it could not be substantiated.

By then, more than 400 retail outlets, including Comet and some Woolworth stores, which sold the machines were becoming disillusioned. In May Sir Clive admitted that stocks, at 6,000, were twice previously disclosed levels.

Perhaps the most serious blow to the project's credibility was dealt in July, when Hoover issued a writ against Sir Clive personally, seeking over £1.5m for work carried out on the C5.

The writ was oever served. While Hoover would not comment on the issue yesterday, a spokesman for Sinclair Research, Sir Clive's electronics oncern, said the issue had been "resolved." The receivers said last night that Hoover was not on the list of creditors.

In mid-August it was disclosed that production of the C5 had ceased.

The receivers were formally appointed on Friday.

Retail sales suffer 1.4% slide in month

By Philip Stephens

RETAIL SPENDING fell by 1.4 per cent in September, reversing the strong rise during the previous month, according to official figures released yesterday.

Retailers and government officials appear confident, however, that sales will regain their momentum later in the year and should remain buoyant through most of next year.

The Department of Trade and Industry said its index of the volume of retail sales fell from a record 117.5 in August to 115.9 (1980 = 100) least month.

Both months, however, are regarded by statisticians as exceptional, with the pattern of buying largely reflecting unseasonal weather. Retailers believe that their August sales were boosted by the bad weather as holidaymakers brought forward purchases usually made in the autumn.

That depressed business in the following month, and the impact was compounded by a spell of sunshine, which apparently persuaded some consumers to defer their purchases of autumn clothes.

"The fall is no surprise to anybody," the Retail Consortium said.

NOTICE OF REDEMPTION

Mount Isa Finance N.V.

8¾% Guaranteed Sinking Fund Debentures Due 1986

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of November 15, 1971, as supplemented, among Mount Isa Finance N.V., M.I.M. Holdings Limited, Mount Isa Mines Limited and The Chase Manhattan Bank (National Association) as Trustee, $1,848,000 in principal amount of the above Debentures will be redeemed through operation of the Sinking Fund on November 15, 1985 (the "Redemption Date") at the redemption price of 100% of the principal amount thereof (the "Redemption Price") together with accrued interest to said Redemption Date.

The serial numbers of the Debentures to be redeemed are as follows:

M11	978	2680	3440	4496	5099	5387	6022	6373	9052	12922	13369	13620	13875	16465	17388	18327	21510	24073	24376	24769
14	981	2685	3485	4497	5102	5388	6027	6377	9054	12923	13374	13624	13880	16468	17392	18423	21611	24080	24378	24773
16	982	2688	3487	4558	5111	5389	6028	6378	9451	12958	13378	13632	13882	16468	17393	18426	21616	24082	24379	24774
23	984	2690	3488	4559	5117	5372	6029	6379	9452	12960	13379	13633	13883	16469	17396	18429	21621	24098	24380	24778
24	988	2695	3493	4560	5118	5373	6030	6380	9453	12962	13380	13634	13884	16470	17402	18436	21626	24107	24381	24789
25	990	2696	3495	4569	5119	5374	6031	6388	9464	12963	13381	13636	14680	16486	17403	18442	21627	24108	24382	24791
26	992	2702	3500	4571	5122	5375	6032	6391	10475	12968	13384	13638	14682	16488	17404	18444	22421	24109	24383	24793
27	1000	2707	3502	4573	5123	5379	6033	6392	10495	12969	13391	13640	14687	16490	17405	18446	22422	24117	24384	24794
28	1027	2713	3513	4575	5126	5380	6036	6398	10497	12971	13395	13647	14694	16491	17406	18448	22428	24124	24385	24796
29	1028	2714	3522	4576	5127	5398	6038	6400	10501	12972	13398	13649	14748	16493	17407	18449	23745	24125	24387	24798
31	1033	2715	3526	4580	5133	5399	6039	6401	10503	12978	13402	13654	14751	16496	17410	18609	23747	24126	24399	24797
33	1119	2716	3527	4591	5135	5400	6040	6403	10649	12986	13406	13655	14752	16497	17412	18610	23753	24127	24400	24803
48	1122	2721	3528	4593	5136	5432	6044	6405	10656	12987	13408	13656	14753	16500	17413	19206	23754	24128	24402	24805
54	1125	2722	3529	4594	5137	5458	6045	6408	10660	12991	13409	13657	14754	16501	17417	19208	23756	24129	24412	24807
277	1127	2817	3531	4604	5141	5461	6046	6409	10671	13023	13410	13663	14760	16609	17419	19216	23758	24130	24421	24812
279	1138	2818	3534	4605	5144	5463	6047	6410	10672	13024	13411	13664	14780	16611	17422	19216	23759	24133	24422	24813
282	1139	2821	3537	4607	5147	5467	6050	6415	10673	13025	13412	13665	14782	16615	17424	19219	23762	24134	24423	24815
283	1176	2822	3541	4619	5152	5468	6059	6417	10679	13026	13413	13671	14783	16616	17430	19221	23763	24135	24427	24816
287	1179	2823	3543	4627	5157	5469	6067	6416	10680	13027	13414	13673	14784	16617	17432	19223	23764	24148	24430	24817
288	1180	2825	3571	4639	5159	5470	6068	6418	10683	13028	13418	13674	14787	16627	17433	19224	23765	24151	24431	24819
289	1376	2844	3572	4710	5162	5474	6069	6421	10714	13030	13430	13675	14824	16628	17435	19227	23766	24153	24432	24820
290	1417	2846	3575	4711	5163	5475	6071	6422	10750	13031	13432	13677	14829	16633	17436	19228	23769	24157	24433	24824
291	1427	2848	3576	4712	5164	5476	6073	6423	11287	13032	13436	13678	14831	16634	17444	19296	23770	24163	24434	24825
296	1528	2849	3577	4713	5165	5480	6075	6425	11290	13034	13438	13679	14835	16642	17445	19300	23771	24166	24444	24827
298	1530	2853	3578	4735	5166	5481	6083	6433	11292	13043	13439	13680	14850	16644	17446	19305	23772	24167	24448	24828
379	1532	2855	3579	4737	5167	5482	6084	6434	11293	13045	13444	13683	14898	16649	17458	19306	23773	24168	24451	24831
380	1533	2898	3593	4773	5168	5486	6091	6436	11521	13049	13447	13684	14899	16650	17459	19307	23774	24173	24454	24832
381	1534	2907	3594	4776	5172	5487	6092	6439	11522	13136	13448	13685	14900	16651	17460	19308	23777	24174	24458	24833
496	1535	2909	3595	4777	5173	5488	6097	6440	11527	13137	13449	13688	14902	16655	17461	19309	23778	24176	24459	24834
538	1541	2911	3602	4779	5174	5492	6099	6441	11613	13138	13450	13693	14904	16656	17462	19312	23784	24180	24468	24835
539	1542	2913	3606	4780	5179	5495	6100	6442	11614	15139	13451	13694	14905	16657	17463	19313	23785	24185	24475	24836
541	1545	2914	3607	4781	5181	5497	6120	6444	11621	13140	13452	13695	15033	16658	17464	19314	23792	24210	24476	24837
542	1546	2928	3608	4783	5182	5498	6121	6450	11623	13141	13453	13699	15034	16665	17465	19316	23793	24213	24477	24838
543	1552	2929	3611	4784	5183	5499	6122	6451	11624	13142	13458	13700	15041	16666	17466	19320	23837	24214	24478	24839
544	1555	2930	3615	4785	5185	5500	6123	6453	11625	13143	13459	13701	15046	16669	17467	19461	23839	24217	24479	24840
547	1556	2936	3616	4790	5186	5501	6124	6454	11627	13144	13462	13702	15049	16671	17468	19462	23842	24218	24480	24841
549	1558	2937	3717	4798	5188	5591	6127	6455	11630	13150	13465	13703	15052	16673	17477	19464	23846	24219	24481	24842
550	1562	2941	3722	4806	5189	5592	6142	6456	11634	13151	13468	13705	15248	16674	17478	19465	23847	24221	24482	24843
551	1725	2943	3727	4807	5190	5637	6143	6458	11639	13152	13469	13706	15249	16679	17479	19466	23848	24222	24492	24853
552	2343	2944	3734	4808	5194	5638	6144	6459	11673	13153	13472	13711	15253	16680	17481	19468	23859	24224	24556	24854
553	2344	2945	3736	4809	5197	5639	6145	6582	11674	13154	13473	13721	15255	16681	17484	19469	23860	24225	24560	24856
554	2345	2948	3737	4901	5199	5640	6146	6583	11676	13167	13474	13722	15256	16684	17486	19470	23861	24227	24562	24858
555	2346	2968	3739	4903	5200	5641	6147	6584	11677	13168	13475	13725	15257	16688	17487	19474	23874	24230	24564	24859
556	2347	2970	3744	4906	5201	5652	6158	6587	11678	13174	13477	13726	15258	16692	17492	19478	23877	24232	24565	24860
564	2348	2972	3746	4910	5202	5653	6161	6602	11739	13177	13479	13728	15453	16693	17495	19507	23878	24240	24566	24866
567	2349	2976	3748	4918	5204	5654	6167	6606	11753	13178	13482	13729	15454	16694	17496	20620	23879	24243	24567	24867
571	2350	3024	3749	4920	5208	5656	6168	6607	11754	13257	13484	13737	15455	16696	17508	20675	23880	24244	24570	24870
576	2351	3026	3753	4934	5214	5662	6169	6608	11755	13258	13485	13738	15456	16697	17510	20678	23881	24245	24573	24871
578	2355	3027	3757	4935	5215	5663	6173	6827	11756	13262	13486	13741	15457	16699	17511	20685	23883	24246	24574	24874
579	2387	3028	3802	4939	5216	5770	6180	6914	11787	13270	13491	13747	15458	16700	17516	20690	23884	24247	24575	24876
580	2392	3033	3931	4940	5217	5771	6181	7332	11789	13272	13492	13754	15459	16708	17523	21032	23885	24249	24576	24881
626	2395	3034	3932	4941	5218	5772	6182	7333	11792	13273	13493	13758	15460	16709	17524	21035	23886	24252	24577	24882
636	2398	3035	3933	4945	5219	5775	6185	7341	11801	13274	13499	13760	15461	16710	17525	21038	23887	24258	24578	24884
639	2399	3036	3948	4946	5220	5776	6186	7356	11802	13277	13506	13761	15629	16715	17526	21039	23889	24259	24579	24885
652	2402	3037	3953	4960	5225	5779	6188	7398	11803	13281	13507	13762	15630	16716	17528	21040	23892	24261	24606	24886
685	2403	3038	3954	4961	5227	5782	6215	7407	11804	13290	13520	13763	15631	16717	17529	21411	23893	24263	24609	24887
688	2406	3039	3960	4965	5229	5790	6216	7408	11812	13292	13521	13764	15633	16719	17530	21412	23894	24264	24610	24890
689	2409	3040	3961	4967	5233	5791	6217	7414	11840	13293	13525	13765	15635	16720	17531	21414	23895	24275	24614	24893
692	2427	3041	4037	4969	5234	5792	6218	7416	11841	13294	13527	13766	15636	16723	17532	21415	23898	24278	24618	24897
742	2428	3205	4039	4973	5248	5793	6220	7417	11842	13295	13530	13767	15638	16728	17536	21416	23899	24281	24620	24898
743	2450	3246	4046	4974	5255	5802	6221	8285	11843	13296	13532	13769	15643	16730	17540	21420	23900	24296	24716	24899
744	2451	3249	4051	4975	5257	5805	6224	8299	11844	13297	13538	13771	15645	16731	17543	21424	23901	24297	24717	24903
753	2452	3262	4157	4984	5258	5806	6228	8782	11845	13298	13541	13772	15647	16733	17544	21425	23902	24298	24718	24909
757	2453	3264	4158	4985	5260	5809	6229	8783	11846	13299	13543	13776	15648	16734	17548	21426	23903	24301	24720	24916
759	2458	3265	4160	4988	5261	5811	6232	8785	11848	13306	13549	13780	15712	16735	17549	21427	23904	24305	24721	24922
760	2459	3266	4161	5004	5266	5816	6234	8786	11855	13307	13553	13782	15713	16736	17555	21428	23906	24306	24725	24925
761	2502	3267	4162	5042	5267	5823	6235	8789	11858	13308	13554	13783	15741	16737	17557	21429	23907	24308	24726	24931
762	2503	3268	4163	5047	5272	5824	6236	8794	11873	13309	13555	13785	15743	16738	17559	21434	23913	24311	24729	24932
778	2504	3269	4164	5048	5276	5826	6237	8795	11874	13310	13556	13787	15744	16739	17562	21439	23918	24318	24730	24934
779	2507	3271	4165	5051	5277	5832	6238	8796	11875	13313	13557	13788	15745	16744	17567	21442	23920	24320	24731	24938
780	2509	3274	4169	5054	5279	5835	6239	8799	11877	13316	13564	13790	15748	16949	17572	21449	23921	24324	24732	24941
782	2511	3275	4173	5055	5288	5851	6240	8800	11888	13320	13567	13792	15751	16950	17575	21451	23922	24325	24733	24944
783	2513	3279	4175	5056	5289	5915	6241	8801	11889	13321	13579	13793	15756	16956	17579	21455	23923	24326	24738	24951
785	2546	3281	4179	5069	5290	5916	6242	8802	11891	13327	13580	13797	15757	16963	17580	21465	23932	24330	24739	24952
786	2547	3341	4188	5070	5291	5920	6243	8803	11892	13330	13581	13800	15759	17136	17581	21477	23973	24335	24741	24953
954	2554	3342	4190	5071	5301	5921	6266	8804	12367	13333	13582	13801	15762	17149	17589	21492	23974	24337	24742	24958
957	2556	3343	4192	5073	5305	5944	6267	8805	12374	13336	13585	13802	15769	17362	17591	21494	23977	24338	24743	24960
958	2564	3344	4196	5074	5309	5950	6276	8990	12378	13341	13588	13836	15770	17363	17592	21495	23981	24339	24744	24964
959	2565	3348	4200	5075	5314	5963	6278	8991	12379	13342	13589	13837	15773	17365	17593	21496	23984	24341	24745	24965
960	2566	3381	4205	5078	5315	5965	6279	8992	12380	13344	13594	13838	15774	17366	17595	21497	23991	24342	24747	24968
961	2584	3382	4208	5081	5316	5967	6331	8993	12382	13345	13595	13839	15775	17367	17598	21498	23994	24343	24748	24970
962	2585	3384	4421	5085	5321	5991	6332	8995	12498	13347	13596	13840	15776	17371	17605	21500	24016	24344	24749	24971
963	2593	3387	4422	5086	5323	5992	6333	8997	12499	13349	13606	13841	15831	17372	17607	21501	24036	24345	24750	24972
965	2598	3390	4486	5087	5334	5993	6335	9001	12526	13351	13607	13867	15834	17373	17608	21504	24038	24355	24751	24975
970	2603	3402	4487	5088	5335	5994	6361	9005	12911	13355	13608	13868	16288	17374	17610	21505	24049	24358	24758	24976
971	2604	3403	4488	5089	5344	6018	6363	9047	12913	13362	13609	13869	16292	17380	18314	21506	24063	24361	24760	24977
972	2671	3436	4489	5097	5357	6019	6367	9049	12918	13363	13614	13871	16461	17386	18316	21508	24065	24362	24762	24978
974	2672	3437	4491	5098	5363	6021	6372	9050	12921	13364	13617	13874	16463	17387	18316	21509	24066	24364	24767	24980

Interest on said Debentures to be redeemed shall cease to accrue on and after the Redemption Date and on said date the Redemption Price will become due and payable on each of the Debentures called for redemption.

Payment of the Debentures to be redeemed will be made upon presentation and surrender thereof with all coupons appertaining thereto maturing after the date fixed for redemption at any of the following:

The Chase Manhattan Bank, N.A.
Corporate Bond Redemptions
1 New York Plaza 14th Floor
New York, New York 10081

The Chase Manhattan Bank, N.A.
P.O. Box 4428
Taunusanlage 11
Frankfurt/Main, Germany 6000

Banque Internationale a Luxembourg S.A.
2 Boulevard Royal
Luxembourg, Luxembourg

Algemene Bank, Nederland, N.V.
P.O. Box 669
1000 E.G.
Amsterdam, Netherlands

Swiss Bank Corporation
Aeschenvorstadt 1
4002 Basel, Switzerland

The Chase Manhattan Bank, N.A.
P.O. Box 440
Woolgate House, Coleman Street
London EC2P 2HD, England

The Chase Manhattan Bank, N.A.
41 Rue Cambon
75001 Paris, France

Banca Commerciale Italiana, S.p.A.
6 Piazza Della Scala
Milan, Italy

Banque Bruxelles Lambert
Avenue Marnix, 24
1050 Brussels, Belgium

Coupons which shall mature on, or shall have matured prior to, said Redemption Date should be detached and surrendered for payment in the usual manner.

Mount Isa Finance N.V.
By: The Chase Manhattan Bank (National Association), *as Trustee*

Dated: October 15, 1985

UK NEWS

Anti-racist staffing proposals 'favoured'

By Robin Pauley

GOVERNMENT proposals which would make employers give more jobs to black people are already covered by law against racial discrimination and could come into effect immediately, if agreed by the Cabinet.

Mr David Waddington, the Home Office minister responsible for race relations, said at the weekend that proposals for a system of contract compliance were being considered and the "ball was bouncing in their favour."

Under these plans the Government would ask companies tendering for government contracts about the number of any ethnic minority employers they have. If this seemed too low the contracts would not be awarded.

This approach is covered by existing equal opportunities and race relations legislation. It has the advantage of not requiring numerical quotas, a system which caused widespread upset in the U.S.

Its disadvantage is that it is difficult to operate effectively, part particularly as companies can point out that the Government has fewer than 1 per cent of non-whites in its Civil Service of about 600,000 people.

The Civil Service is monitoring its ethnic employment survey of Avon, West England, and the north-west of England, for example, shows that 98.7 per cent of school-leaver candidates for the executive officer qualifying test were white, 0.8 per cent Asian and 0.5 per cent black. The figures were similar in the general competition.

The Cabinet has not yet considered contract compliance measures but Home Office civil servants have been told to give analysts of such a scheme high priority in view of the recent riots.

Such a scheme was considered after the 1981 riots but not adopted. It was not generally thought to be easily effective.

The latest moves come with a greater sense of urgency. A second round of riots in the same areas as before has led to accusations that not enough has been done to combat racial discrimination in spite of Lord Scarman's recommendations after the Brixton riot in 1981.

Lord Scarman said: "The attack on racial disadvantage must be more direct than it has been... particularly in education and employment."

Home Office ministers are expected to decide whether to recommend contract compliance to the Cabinet this month although ministers already divided on whether such a scheme is desirable or practical.

Jason Crisp describes how competing telephone systems will link up

Networks ruling gives spur to Mercury

MERCURY COMMUNICATIONS did not even try to hide its delight at the ruling on interconnection published yesterday. Mr Gordon Owen, chief executive, was beaming as he failed to think of even one aspect of the decisions made by the Office of Telecommunications (Oftel) where Mercury was disappointed.

Oftel has drawn up the exact rules by which Mercury – a subsidiary of Cable & Wireless – and British Telecom link their competing telephone networks so that any customer on one can dial any customer on the other. This was done after the two companies failed to reach a commercial agreement earlier this year.

The 89-page document from Oftel, couched in legal terms, spells out most of the details on how, where and by when interconnection will be made and how much it will cost Mercury.

As expected, Professor Bryan Carsberg, director general of Oftel, ruled in order to encourage competition and as a result has given Mercury – set up with the Government's encouragement four years ago – a substantial boost.

By 1990 Mercury is expected to have a turnover of over £300m and will be hugely profitable.

The two principles underlying Prof Carsberg's ruling are that any person should be able to dial any other person and that a customer should be able to choose which network will carry the call.

As a result of this ruling Mercury will be able offer a telephone service to anyone in tha country even though it only has a limited network. However, the margins will be much higher on customers which are close to Mercury's own network.

It is at present completing a high capacity network of optical fibres shaped in a figure of eight from London to Bath, Birmingham, Manchester, Liverpool and Leeds. In the first new years Mercury will mostly be a long-distance carrier and competition will be on trunk and international calls.

It means that a typical customer will dial Mercury with a local call on the BT network. Mercury would carry it for the long-distance section before handing it back to BT for local delivery.

Because of the technical constraints of the BT'a rather antiquated local exchanges, many Mercury customers will have to dial twice. They will first dial a number for Mercury and get a dialling tone, they then will have to identify themselves with a personal number and then dial the number they actually want.

Mercury seems fairly happy that computerised private exchanges (PABXs) and "smart" telephones will be able to automate s large part of that process. A further complication is that the two networks use different signalling systems.

At the heart of Oftel's ruling are three tables that set out how much Mercury will pay BT for each element of the call it carries. This would typically be two local elements but could also be two trunk calls at either end of the Mercury section.

These were determined by Prof Carsberg – a professor of accountancy – and were calculated on the bases of cost rather than BT'a actual tariffs. The prices reflect an effective bulk discount to Mercury, which will make profits on the BT element of the call as well as its own.

These prices are to be index linked to take into account changes in the price of providing voice telephony. This may remain neutral or even fall as exchange and transmission costs drop rapidly while labour is rising.

The structure of these charges provides an incentive to Mercury to expand its network so that most of the BT calls are only at the local charge rate. Stockbroker Wood Mackenzie estimates that Mercury will pay BT about 15 per cent of turnover as a result of these charges.

There is also a strong incentive in the charges for BT to provide a toll-free route into the Mercury network. The old exchanges will start charging for a call as soon as it is linked with Mercury, irrespective of whether it is eventually connected.

Mercury is expected to instal its own telephone exchanges early next year. The ruling requires that the two networks are physically linked at 36 trunk exchanges by March next year. Mercury has to pay the capital and labour costs of actually making that connection.

However, it has only to pay half the cost of providing the extra capacity to cope with Mercury telephone traffic. Mercury has to tell BT how much capacity it will need and there is a penalty if it underestimates and uses more.

A financial watchdog shows its teeth

BY JOHN MOORE, CITY CORRESPONDENT

SIR KENNETH BERRILL, chairman of the Securities and Investments Board, which is to be the new main regulatory body for London's financial community, has outlined the body's role.

The SIB's purpose "is to regulate investment business," Sir Kenneth said. It would be "quite wrong to suggest that as compared with the [U.S.] Securities and Exchange Commission we will have less pow-[illegible]" he told a seminar on [illegible] and investment. Perhaps the main difference was that the SEC also had the power to prosecute. The SIB would have to rely on the police and the Director of Public Prosecutions.

"My task is not to prosecute, but rather to ensure that the crooks are not allowed in in the first place," he said.

Sir Kenneth rejected suggestions that the system was dependent on self-regulatory bodies. The basic system was a statutory one, administered by the SIB as a Government-appointed body. The system would operate through self-regulatory bodies that had SIB approval to supervise their markets.

"If there are no acceptable self-regulatory organisations, then the Securities and Investments Board will be the sole regulatory authority."

He said the SIB did not intend to be a hostage to the self-regulatory bodies. Those "will be recognised only if they can match up to this statutory system, and they will be closely monitored by the Securities and Investments Board to ensure that they do."

They would have to show that they met the criteria for SIB approval.

"There is every reason to make the maximum use of self-regulatory organisations, but the tail cannot be allowed to wag the dog," Sir Kenneth said.

There was a clear need for set standards consistently applied in City of London regulation: "The client of any investment business must be assured, the business must be properly regulated, and there must be an authority with real power to investigate and act on complaints."

In addition to three envisaged self-regulatory bodies, outlined by the Government this year in a policy document – the London Stock Exchange, the National Association of Securities Dealers and Investment Managers, and the Association of Futures Brokers and Dealers – there had been a "promising suggestion" from a group of investment managers.

That group, including pension fund managers, had proposed an organisation to cover investment management and advice.

Sir Kenneth warned that there was "at least one very important gap." It was not clear yet who would be responsible for the large houses in London that were not members of the London Stock Exchange, although many would have stock exchange subsidiaries, and would undertake a more complex range of business than the National Association of Securities Dealers and Investment Managers was likely to be able to accommodate.

He said the group included British and large overseas banks, international brokers and money market institutions.

"Most are in one way or another exempt under the present Prevention of Fraud Act system, so are coming within formal securities regulation in this country for the first time. Much of their business is transacted in professional or largely professional markets." He cited Eurobond dealers and other financial specialists.

A self-regulatory organisation should be formed specifically to accommodate those groups.

"Such a proposal is now under discussion in a group formed by the Association of International Bond Dealers and the International Primary Market Association."

For many types of investment business an "investment exchange has great advantages," he said. But in recognising an investment exchange, the SIB would consider, the "quality of price information that is disseminated and the arrangements for ensuring that participants are able to compare quotes."

Sir Kenneth said his board would need to be satisfied that an investment business was "fit and proper and that individuals operating it are honest and competent and that there is sufficient capital for the scale of the business proposed."

UK NEWS

U.S. withdrawal another blow to 'World Court'

THE ANNOUNCEMENT from Washington last week that the U.S. would no longer accept the jurisdiction of the International Court of Justice, except in those cases brought to the court voluntarily by both parties, is a blow to the development of an international legal order.

It also confirms the waning respect for, and authority of, the court by the great powers, and reflects the lessening in the applications from all members of the United Nations to the court over the last 10 years.

It is doubly regrettable because withdrawal comes in the wake of an adverse ruling in the case brought by Nicaragua in April 1984 over the alleged military and paramilitary activities in and against Nicaragua.

Last October the court heard representatives of Nicaragua and of the U.S. in public sittings, and a month later it delivered a judgment in which it found that it had jurisdiction to entertain the case and that Nicaragua's application was admissible.

In January of this year the U.S. wrote to the court saying that the court was wrong and that the U.S. did not intend to participate further in the proceedings.

On September 12 the court began its oral proceedings on the merits of the case, in the absence of the U.S. representatives. The blanket withdrawal of the U.S. is blamed directly on the court's ruling in favour of jurisdiction to hear the Nicaraguan complaint, because the "objectives of the court were being subverted by the efforts of Nicaragua and its Cuban and Soviet sponsors to use the court as a political weapon."

This is not a new cry in the international law field, but it is the first time that a major power has reacted directly against an adverse finding in so radical a manner.

The acceptance of the court as an instrument of international justice has never been strong. In 1920 the Committee of Jurists which prepared the statute of the Permanent Court of International Justice (the forerunner of the International Court of Justice) had proposed a system of true compulsory jurisdiction based upon the unilateral application to the court by the complaining state.

This idea, however, encountered strong opposition, particularly from the great powers of that epoch. In the end a proposal was adopted whereby the compulsory jurisdiction arose only by means of a unilateral declaration of a state indicating its acceptance of the jurisdiction of the court, and was not to be implied directly in the statute of the court.

When the architects of the United Nations considered the court's role, it affirmed the compromise solution under the League of Nations, known as the optional clause.

There were some drafting changes, but the article of the court's statute remained intact. When accepting the compulsory jurisdiction of the court, states tended, nevertheless, to append reservations to their acceptance of compulsory jurisdiction, mostly unobjectionable.

For example, the condition of reciprocity was often inserted, although in law it was unnecessary to say that a state would only submit to the court's jurisdiction if an applicant state, by its declaration, would likewise submit if brought before the court.

Frequently, states excluded disputes where there were other methods of resolving them. Commonwealth countries excluded disputes between themselves because they could be resolved within the institutions of the Commonwealth.

Another example has been in relation to disputes within the state's domestic jurisdiction. From time to time, however, states have taken it upon themselves to say whether the dispute is or is not within their domestic jurisdiction.

The late Judge Lauterpacht, who was the British judge on the court in the 1950s, expressed the view that declarations of acceptance with such reservations were "incapable of giving rise to a legal obligation, in that they effectively secured the right of unilateral determination of the extent and existence of the obligation of settling disputes before the International Court.

"These reservations," Judge Lauterpacht said, "tended to impair the legal and moral authority of the optional clause."

If that is true of the self-determining reservation, how much more so is it true of the almost total withdrawal by the U.S. from the court's jurisdiction?

Throughout two thirds of a century it has failed to attract the status of an ordinary court, to which all the constituent parties adhere. Those who have favoured the compulsory jurisdiction of the court have been chiefly the small powers, and its chief opponents the great powers.

The composition of the two groups has changed to some extent, but generally the two antagonistic points of view have on the whole been clearly marked. The U.S. declaration is the latest.

> The International Court of Justice has failed to attract the status of an ordinary court

The court has not been blameless in its declining authority. In the case brought in the 1950s by Ethiopia and Liberia against South Africa to enforce the mandate conferred after the First World War by the League of Nations in respect of South-West Africa (Namibia), the court accepted that it had jurisdiction to hear the question of the legal enforcement by the UN of the mandatory powers. When the case came before the court a few years later to determine the merits, the court did a *volte face*.

Under the presidency of an Australian, Judge Spender, the court by the casting vote of the president reversed its decision to accept jurisdiction. Not only did that ruling set back the solution to the problem of Namibia (which is still unresolved) it also disheartened the smaller states which had been the loudest proponents of the court. Since then no issue of major political importance has come before the court.

The long-term effect of the U.S. disavowal of the court in matters that touch the U.S. Government's interests will be that cases involving international legal, commercial or border problems alone will be the staple diet of the court.

The International Court of Justice never was properly the "World Court." It is even less so today.

Justinian

Economists accuse Government over 'hasty' privatisation

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S strategy for privatising large monopolies has been over-hasty and has paid too little attention to the need for public safeguards, say two Oxford economists.

In a booklet published today by the newly formed independent Public Policy Centre, they are particularly critical of the way British Telecom was sold off last year.

Mr John Vickers of Nuffield College and Mr George Yarrow of Hertford College say the Government can be accused of protecting BT from competition to obtain larger revenues from the sale of BT shares.

It could be argued that the Government priced the shares too low and so failed to maximise the proceeds by a margin of several hundred million pounds, they say.

"Be that as it may, the Government's evident desire to privatise BT speedily was very favourable to BT's management. The timetable set by the Government did not leave adequate time to liberalise the industry, let alone restructure BT."

The authors believe the Government has made privatisation of large industries its priority, when it should have been paying more attention to ways to increase competition and to prevent the monopolies exploiting the public.

On that, they point to British Airways, which was widely thought to have been favoured in route negotiations so as to improve its attractiveness to the market.

Generally the benefits of liberalising markets and encouraging competition with the larger monopolies are "far greater" than the gains to be expected from a change of ownership.

"Contrary to government policy in telecommunications, the *primary* goal should have been liberalisation rather than privatisation. Policy should now open up as many channels of competition to BT as practicable."

They say that Oftel, set up to regulate BT, has not proved effective. Similar considerations, they believe, apply to any proposals to privatise the electricity industry.

They criticise the way the Government has used its power over the industry to extract revenue, but do not believe that privatisation is necessarily the best answer.

Since the start of the decade the electricity industry has turned from being a net borrower to the position of repaying £1bn a year to the Treasury.

Privatisation and the Natural Monopolies, Public Policy Centre, 37, Golden Sq, London W1R, 4AL. £3.40.

BASE LENDING RATES

A.B.N. Bank	11½%	Heritable & Gen. Trust	11½%
Allied Dunbar & Co.	11½%	■ Hill Samuel	§11½%
Allied Irish Bank	11½%	C. Hoare & Co.	11½%
American Express Bk.	11½%	Hongkong & Shanghai	11½%
Henry Ansbacher	11½%	Johnson Matthey Bkrs.	11½%
Amro Bank	11½%	Knowsley & Co. Ltd.	12 %
Associates Cap. Corp.	12 %	Lloyds Bank	11½%
Banco de Bilbao	11½%	Edward Manson & Co.	12½%
Bank Hapoalim	11½%	Meghraj & Sons Ltd.	11½%
BCCI	11½%	Midland Bank	11½%
Bank of Ireland	11½%	■ Morgan Grenfell	11½%
Bank of Cyprus	11½%	Mount Credit Corp. Ltd.	11½%
Bank of India	11½%	National Bk. of Kuwait	11½%
Bank of Scotland	11½%	National Giro Bank	11½%
Banque Belge Ltd.	11½%	National Westminster	11½%
Barclays Bank	11½%	Northern Bank Ltd.	11½%
Beneficial Trust Ltd.	12½%	Norwich Gen. Trust	11½%
Brit. Bank of Mid. East	11½%	People's Trust	12½%
■ Brown Shipley	11½%	PK Finans. Intl. (UK)	12 %
CL Bank Nederland	11½%	Provincial Trust Ltd.	12½%
Canada Permanent	11½%	R. Raphael & Sons	11½%
Cayzer Ltd.	11½%	Roxburghe Guarantee	12 %
Cedar Holdings	12 %	Royal Bank of Scotland	11½%
■ Charterhouse Japhet	11½%	Royal Trust Co. Canada	11½%
Choulartons**		■ J. Henry Schroder Wagg	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Continental Trust Ltd.	11½%	Yorkshire Bank	11½%
Co-operative Bank	11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		
■ Hambros Bank	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

Date set for appeal on cash targets

A SUBSTANTIVE ruling on the legal threat to the Government's strategy of setting financial targets and imposing penalties on local authorities might be given in about three weeks' time, **Raymond Hughes** writes.

The House of Lords appeals committee yesterday fixed October 28 for the hearing of the Environment Secretary's appeal against the Court of Appeal's judgment on October 3 that the system for fixing council spending penalty limits is illegal.

The hearing is expected to last about a week and, given the universal acceptance of the great importance of the matter, the Lords might decide to announce their decision at the end of the hearing, giving their reasons later.

Normally they take about six weeks from the hearing of an appeal to hand down their written judgments.

Local authorities throughout England and Wales – among them Liverpool City Council – are poised to take advantage of the Appeal Court's ruling if it is upheld by the Law Lords.

The Appeal Court allowed appeals by Bradford City Council and Nottinghamshire County Council against the High Court's refusal in March to quash the Government's grant calculation method.

□ **MR JAMES CALLAGHAN,** the former Labour Prime Minister, has decided not to seek re-election to the House of Commons at the next general election. He is expected to announce his decision on Friday, at a press conference being arranged in Cardiff, the constituency be has represented in parliament since 1945.

Mr Callaghan in his 40-year political career has held all major offices of state. He is now aged 73 and has already earned the accolade of "Father of the House," accorded to the longest-serving MP.

□ **MERCEDES-BENZ (UK)** expects next year to sell 5,850 of its new mid-range 200–300 series saloons, which make their UK debut at this week's Motorfair exhibition at Earls Court, London.

The models, with list prices including taxes of between £12,500 and £17,840, are expected to lift Mercedes' total UK sales next year to 19,500, compared with the 18,000 forecast for the present year.

□ **A BAN** on the sale of Krugerrands in Britain has been demanded by the End Loans to South Africa Organisation, which opposes apartheid. It says in a pamphlet that the UK is poised to become the West's largest market for the gold coins now that the U.S. and Japan have curtailed imports.

Ocean Transport group reshapes management

BY ANDREW FISHER, SHIPPING CORRESPONDENT

OCEAN TRANSPORT and Trading, the shipping and industrial service group in which Peninsular and Oriental Steam Navigation (P & O) has built up a 13 per cent stake, has embarked on a reshaping of its top management.

Mr Nicholas Barber, the Ocean director responsible for marine services, is to take on the new post of group managing director from the start of next year, initially working with Mr William Menzies-Wilson, the executive chairman, who is due to retire at the end of 1986.

Mr Menzies-Wilson said yesterday that he had been keen to separate the roles of chairman and chief executive for some time. On his retirement, the new chairman would be a non-executive, possible himself. The move had nothing to do with the P & O stake, he added.

Sir Jeffrey Sterling, chairman of P & O, has described bid speculation as wide of the mark, although some stock market analysts believe one will come. Ocean raised pre-tax profits to £29m in 1984 from £7.2m ending a three-year slide.

THE MANAGEMENT PAGE : Small Business

EDITED BY CHRISTOPHER LORENZ

Onofrio Juculano: big breaks from trade fairs

Sino-Sicilian tie-up

Alan Friedman on an enterprising kitchen manufacturer

HOW DOES a Sicilian kitchen fitter who left school at the age of ten manage to achieve a multi-million dollar joint venture with China?

The answer—in the case of Onofrio Juculano, whose kitchen furniture company is to set up a factory in the province of Guang Xi in south eastern China — is through enterprise, determination and vision.

More than anything else, however, the 35-year-old Juculano has succeeded in establishing Sicily's first-ever trade ties with China by being prepared to pay for an air ticket to China and by "understanding how it is that the Chinese want to perceive you and then providing them with that perception."

The Sicilian-Chinese joint venture, which has been hailed by officials of Italy's foreign trade ministry as an historic precedent, calls for a 50-50 investment of an initial $2m of capital, the shipment of machine tools to Nanning, the capital of Guang Xi province, and the employment of 200 Chinese factory workers and ten technicians from Italy. The 15-year agreement, signed this summer in Palermo, calls for an eventual ten factories in Nanning for the manufacture of tables, doors, windows, kitchen furniture and accessories and other products for use in schools, hospitals and homes.

The Chinese and Sicilians hope to break even after two years and eventually to export around 30 per cent of output from China to other markets in the far east and possibly even to the U.S. Initial production is to be set at 60,000 pieces a year.

So who is Juculano and how did he strike a deal with the Chinese?

Driving south of Palermo one comes to Misilmeri, a dusty town which, like others in this part of Sicily, offers the ruins of a Norman castle, a number of half-finished and abandoned houses and vineyards running up and down the hilly terrain. At the edge of Misilmeri the Juculano factory was built only five years ago—a bright blue corrugated metal shed with 4,000 square metres of floor space. There are half a dozen small assembly lines and fewer than 50 workers at any given time. Stacks of semi-finished compressed wood panels line the shed, while on the floor above Juculano has built a modest office and a rather splashy showroom which contains five model kitchens in wood and marble, metal and glass.

Juculano, a shy and nervous man, left school at the age of ten and until 15 worked as a hotel busboy in Palermo. He then became an apprentice carpenter in Misilmeri and worked for three years, until 1968, when an earthquake razed parts of the town. "Everything was ruined, so I went north to Milan, where I worked in an artisan's workshop and went to night school to learn cabinet making," he recalls.

In 1974, at the age of 25, he returned to Sicily and set up his own workshop, working on wood sculpture and occasionally kitchen fitting. Juculano's kitchen work became known by word of mouth and "before long I realised that I could actually manufacture kitchens in volume and make money."

In 1975 he used his savings—a few hundred pounds in all—to purchase secondhand machinery from friends near Milan, travelling between Palermo and Milan on the ferry and train, a 22-hour journey. By 1980 Juculano had 15 workers in a 600 sq metre factory and a friend who became his first financial backer, investing several thousand pounds in more machinery. In 1982, using family connections in Misilmeri he bought farm land and built the factory which at present houses a business which this year will have L10bn ($5.5m) of sales.

Unschooled in finance (or even more than rudimentary reading and arithmetic skills) Juculano seems to have built his company on a series of back-of-envelope calculations. "I travelled around to research what the market could be in Sicily and then I calculated the kind of volume I could obtain with my factory."

In 1983, when his kitchens were catching on in western Sicily and the little company achieved L 3bn of sales, he was still reluctant to borrow from his bank, the state-controlled Banco di Sicilia. Instead he produced a colourful catalogue of kitchens, bought home appliances and offered complete kitchens for an average L 5m ($2,800).

The big breaks came in 1983 and 1984, both at trade fairs. In February 1984 Juculano set up a stand at the Milan kitchen furniture fair and his products were selected as being among the top ten for originality and quality. Orders came in—for the first time—from other parts of Italy and even from New York buyers. "We finally had contacts with the outside world," he recounts.

The U.S. interest led the tiny kitchen maker to ship a couple of container loads to a showroom in Brooklyn and to follow up with a visit to the U.S. in August of last year. The result is that next month Juculano will go to Tenefly, New Jersey, to open a small assembly line in a rented factory, where some of his more up-market kitchen furniture is to be produced and distributed on a small scale. Finance will come from his L900m ($500,000) credit line at the Banco di Sicilia and from U.S. partners.

Even before the U.S. venture got off the ground, a Chinese delegation had visited the Palermo trade fair in 1983—the Fiera del Mediterraneo. The Chinese from the Guang Xi province, visited a dozen local companies involved in pasta, candle and wax, pulp and paper and of course, kitchen furniture.

Juculano was invited to visit China, and with the help of Italy's foreign trade institute (a trade promotion agency of the foreign trade ministry) and the Banco di Sicilia, he bought his ticket and last February he went off to Nanning, capital of Guang Xi.

Along with six other Sicilian companies, Juculano toured Nanning for a week. He found the Chinese eager to strike a deal. He and others involved in the transaction admit that the Chinese bargaining technique is to secure know-how, materials and investment from abroad, promising much but often with the intention of taking over control as soon as possible.

Upon his return Juculano contacted his bank and the foreign trade institute. He asked his friend and financial consultant to the company—Antoniono Grasso—to negotiate the formal joint venture agreement with the Chinese, who came to Palermo at the end of May.

"For 15 days, from 8.30 in the morning until well past midnight. I was closeted in a hotel room in Palermo with the Chinese," says Grasso. The Chinese arrived with a 20-page draft agreement, containing 10,000 Chinese characters written on rice paper. There was no translation, either into English or Italian.

A Chinese exchange student at the University of Palermo—Jan Hua Fu—acted as interpreter at the marathon sessions where, incredibly, each article of the contract was negotiated just as soon as Fu had translated it. "We did not even read the agreement in full before negotiating," explains Grasso.

The result is a 16-page agreement, plus a 23-page appendix specifying everything from investment and personnel to accounting methods and arbitration in the case of a disagreement. Officials from the Banco di Sicilia looked in from time to time, but for the most part it was Grasso and the Chinese.

Grasso says there were "linguistic, legal and financial problems, all at the same time." Why did the talks take 15 days? Apart from the language difficulties, one day was lost haggling over health insurance provisions for Italian personnel in China, two days were devoted to the issue of repatriating earnings to Italy and a full three days were spent agreeing that arbitration would be handled by the Stockholm Chamber of Commerce (the Chinese initially proposed that the government in Beijing handle disputes).

The end result is the $2m joint venture (initial capital may be increased to $3m) which calls for Juculano to supply $1m of the capital in the form of machine tools. How will he finance that? The Italian machine tool suppliers have agreed to give him up to 24 months' credit.

"So far we have not received any Italian Government subsidies or aid," he says. The Banco di Sicilia is, however, going to provide him with financing at a subsidised rate of interest—10 per cent, which compares favourably with Italy's present 16 per cent prime rate.

Juculano reckons the venture should reach break-even in two years' time. And he rubs his hands in glee about the prospect of exporting from China. He is clearly proud of his coup, as is the Palermo business community.

And that, in rather abbreviated form, is how a Sicilian kitchen fitter who left school at the age of ten managed to snare a multi-million-dollar joint venture in China. Perhaps it could be done from Birmingham as well...

Start-ups: still a dearth of appropriate finance

BY DAVID BOULT

DESPITE THE recent rapid growth of venture and development capital funds and the introduction of the Government's Business Expansion Scheme, the difficulty in finding equity investment for new start-ups is still very considerable.

More and more of these funds are trying to place their money in management buy-outs or companies which are expanding; they are making it clear that they do not wish to take on the risks inherent in new start-ups. The reason for this is the unhappy experiences they have had, and the result has unfortunately been bad publicity for investment in new businesses.

The Community of St Helens Trust, a long-established Local Enterprise Agency, which has assisted many new business start-ups, has learned from experience the benefits of a strong equity base for such businesses.

So to mitigate the problem of finding start-up equity, the Trust in 1984 and again in 1985 sponsored local BES Funds.

A feature of the Trust's approach has been a belief that very young businesses require investment appraisal and subsequent monitoring procedures quite different from those that are suitable for a management buy-out or expansion of an established business.

To use an analogy, quite different techniques are needed to rear a pullet starting with an egg from those used when starting with a chick. The person starting with an egg is likely to get a higher return on his investment. So if new starts are to be fruitful investments, special measures have to be taken. There are all too few funds specialising in this field.

The early months are dangerous times for a new business. In the first year variation from the sales forecast may be great, perhaps as much as 50 per cent either way. It is probably only in the third year, when the business has an established place in the market, that variations from forecast come within a more easily manageable bracket. Also, in the first year when the business is most difficult to manage, the entrepreneur is likely to be least experienced. Thus, apart from help in planning the business and ensuring provision of sufficient finance, a new start-up needs a considerable amount of aftercare.

Help with the plan

It often happens that an entrepreneur planning a new start-up has both a good idea and a deep knowledge of the business he is entering, but a poor plan which does not give the necessary confidence to a would-be investor. More time, more research and the introduction of a more balanced management team can often result in the plan revealing a real business opportunity. The cost of preparing this plan may be daunting to the entrepreneur. It may require 100 or so hours of professional help which he can ill afford. Most of the longer established enterprise agencies are able to provide this help.

Confidence

A fund specialising in new start-ups should do more than just read a plan and make a quick judgment. When a potential business opportunity is revealed, the fund should have staff able to sit down with the entrepreneur and if necessary decide where more research into the project is needed, and eventually help to rewrite the plan so that it is flexible and robust and minimises the risk of business failure.

Ensuring sufficient finance

A potential investor in a management buy-out has the advantage of a great deal of historical data with which to appraise a project. The financial resources required by the company can therefore be assessed with some confidence.

It is crucial that enough finance is made available in order to ensure that the business is not prevented from becoming viable because, predictably, there are deviations from the forecasts in the plan.

Entrepreneurs are naturally optimistic—perhaps they would not be entrepreneurs otherwise—and allowance must be made for over-optimism. It is possible to deal with this problem by ensuring the plan is fully tested using financial modelling techniques on a computer. Various parameters can be flexed on to the computer and their impact on profit and cash-flow readily assessed. Judgment of the financial resources required can then be made so as to reduce either the risk of failure or the need to search for extra finance at a later date.

It is always difficult to obtain second stage finance. Bank managers are not over-sympathetic with those whose performance is below forecast and who are short of cash, even if the order book has by then become healthy and success appears to be just round the corner.

Control and monitoring

Most venture and development capital funds monitor their investments through monthly accounts and reports. A non-executive director may be appointed who spends half a day a month with the company. This procedure is no doubt satisfactory when dealing with a well-established business.

For a young business in its early difficult days, it may be more appropriate for the fund to require the appointment of its nominee as part-time chairman. This person, by working half a day a week at the company, can keep tight control on the business and assist the entrepreneur during the period when the latter needs to gain experience. It is helpful if the part-time chairman lives close enough to the business to be able to visit it at short notice.

A well-respected senior businessman often finds a good deal of satisfaction from helping a new business. He may readily accept the position as part-time chairman and become a small investor as well. The identification of such people by a local fund is not too difficult. It may be harder for a London fund, but local contacts can be established to make this easier.

Since the UK has one of the smallest small-business sectors of all the industrialised countries, there is plenty of scope for wealth creation through new business start-ups. The skills required to be a successful investor in new business start-ups are surely worth developing.

David Boult is director of the Community of St Helens Trust.

CITY OF HELSINKI
US$15,000,000 8¾% Bonds 1981/86

S. G. WARBURG & CO. LTD., announce that Bonds for the nominal amount of US$1,500,000 have been drawn for the redemption instalment due 15th November, 1985.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows:—

1	3	8	13	37	31	34	40	44	69
73	76	79	123	153	198	307	261	909	312
219	371	439	488	491	639	641	648	754	770
773	834	839	958	1019	1023	1078	1240	1261	1303
1306	1310	1313	1345	1286	1402	1406	1409	1413	1429
1434	1460	1464	1469	1472	1476	1492	1499	1511	1519
1520	1564	1580	1901	1604	1607	1911	1614	1520	1922
1526	1631	1634	1638	1641	1647	1650	1853	1656	1660
1902	1922	3007	2025	2028	2052	2057	3059	2164	2167
2171	2174	2178	2227	2240	2306	2329	2333	2337	2349
2356	2379	2395	2403	2424	2428	2443	2619	2632	2661
2691	3001	3005	3011	3013	9017	3020	3025	3029	3032
3035	3359	3362	3430	3433	3436	3440	3445	3467	3469
3475	3479	3482	3490	3492	3496	3499	3504	3507	3511
3514	2520	3523	3526	9529	3688	3595	3606	3613	3615
3819	3624	3628	3633	3649	3687	3701	3707	3712	3717
3722	3728	3731	3741	2744	3771	3778	3838	3929	3932
3939	3941	3944	4078	4136	4149	4182	4197	4201	4229
4231	4466	4499	4473	4479	4479	4483	4488	4491	4495
4498	4503	4505	4513	4518	4518	4528	4530	4534	4538
4543	4546	4550	4553	4568	4571	4576	4979	4583	4587
4590	4596	4598	4602	4605	4609	4613	4618	4625	4629
4632	4635	4638	4648	4651	4695	4658	4661	4671	4874
4677	4680	4685	4702	4724	4728	4731	4734	4737	4743
4762	4795	4759	4773	4778	4780	4790	4794	4803	4808
4610	4614	4620	4829	4844	4846	4655	4858	4871	4881
4886	4890	4693	4698	4905	4908	4813	4965	4966	4974
4976	5021	5095	5100	5103	5106	5128	5140	6154	5159
5151	5155	5170	5174	5178	5185	5189	5197	5200	5204
5207	5211	5297	5300	5326	5330	5334	5356	5371	5398
5422	5433	5480	5492	5503	9506	5511	5915	5517	5530
5532	5560	5577	5576	5583	5686	9591	5695	5598	5601
5709	5713	5739	5817	5833	5849	6866	5860	5863	5968
5991	5999	5998	6004	9026	6030	8038	5042	6046	5049
9053	8124	8128	8130	8125	8146	6153	8158	9160	6185
5181	6201	9205	9220	8232	9238	8240	9245	6247	5252
8258	8261	9265	6267	8473	6475	6480	6484	6487	6491
6485	6497	8503	8506	5510	8514	8518	9523	6525	5529
8532	8536	8540	8543	9547	8552	5554	6559	9561	5566
6571	6573	6585	8587	9591	6594	8598	6603	6606	6612
6617	6619	6628	6628	6643	6647	6649	6654	6658	6652
6685	5868	8873	9676	6681	5697	8704	8707	8710	9714
9720	9722	8726	5728	9755	9763	8767	9778	8780	5787
9790	8794	8798	6802	6806	6834	8847	6857	6861	6885
9870	9872	8894	9887	9901	5904	6907	6912	8815	6918
8937	6940	8949	6953	6958	6962	5964	6981	7032	7043
7048	7049	7053	7081	7085	7080	7099	7103	7106	7111
7118	7118	7122	7129	7134	7140	7143	7148	7153	7156
7159	7174	7177	7206	7208	7212	7219	7295	7324	7327
7332	7335	7350	7354	7358	7362	7371	7374	7378	7380
7387	7388	7543	7548	7550	7556	7558	7563	7576	7586
7589	7592	7606	7611	7613	7618	7621	7825	7630	7642
7651	7554	7666	7671	7674	7688	7691	7700	7704	7706
7711	7713	7717	7723	7726	7730	7732	7736	7743	7751
7754	7773	7787	7791	7793	7799	7803	7806	7830	7832
7837	7841	7845	7848	7861	7856	7859	7864	7868	7871
7975	7878	7881	7867	7889	7915	7823	7627	7632	7935
7940	7945	7948	7952	7956	7960	7964	7969	7984	7999
7993	8008	8019	8020	8022	8036	8039	8043	8067	8071
8089	8093	8095	8101	8104	8109	8113	8115	8131	9134
8133	8141	9144	8147	8150	8182	9187	8189	9194	8196
8201	8206	8209	8214	8219	8220	8228	8235	8239	8241
8244	8249	8253	8259	8263	8266	8270	8273	8276	8281
8285	8288	6293	8301	8303	8319	8391	8395	8389	6402
8405	8410	8413	8419	8430	8424	8428	8433	8437	8438
8443	8447	8451	8455	8458	8462	8466	8469	8473	8476
8481	8485	8488	8493	8496	8600	8504	8508	9511	8515
8518	8523	8528	8530	9536	8537	8541	8543	8550	8594
8597	8600	8604	8608	8613	8615	8631	8623	8627	8633
8635	8640	8642	8646	8651	8654	8689	8692	8675	8682
8688	8690	8683	8696	8702	8704	8708	8710	8717	8726
8738	8733	8735	8740	8761	8754	8757	8763	8765	8770
8772	8777	8779	8784	8788	8764	8800	8811	8815	8819
6823	8825	8831	8843	8847	8849	8858	8858	8863	8868
8870	8875	8877	8883	8890	8897	8901	8904	8909	8914
8918	8922	8824	8829	8933	8936	8966	8969	8973	8976
8980	8984	8988	8991	8995	9000	9003	9006	9010	9016
8018	8022	9026	9030	9034	9038	9043	9046	9049	9052
9059	8063	9066	9068	9074	9076	8081	8086	9088	9093
8095	9098	9104	9107	9111	9114	9118	9184	9188	8193
9196	9302	9207	9209	9317	9320	9233	9235	9293	9308
9377	9381	9386	9423	9429	9433	9440	9444	9446	9458
9460	9466	9470	9473	9477	9481	9484	9488	9492	9498
9500	8504	8509	9511	8618	8518	9524	9937	8530	8534
8540	9553	9556	8560	9563	9653	9666	9670	9673	9686
9688	9693	9710	9713	9744	9746	9751	9755	9751	8766
8769	8773	9779	9791	9786	8788	9793	9798	9800	9804
9809	9813	9818	9919	9833	8838	9940	8845	9847	9853
9857	9859	9864	9867	9872	9875	9886	9890	9893	8898
9902	9904	8909	9913	9918	9931	9923	9929	9831	9835
9940	9943	9947	9950	9953	9958	9960	9966	9970	9973
9977	9979	9966	9988	9994	9997	10022	10041	10044	10050
10063	10066	10060	10080	10083	10088	10093	10101	10103	10108
10113	10115	10142	10144	10146	10153	10156	10150	10183	10167
10175	10177	10187	10193	10227	10443	10460	10483	10485	10491
10523	10526	10529	10589	10593	10599	10601	10605	10608	10613
10617	10620	10689	10993	10971	10974	10977	10982	10986	10989
10994	11003	11007	11013	11016	11019	11098	11071	11074	11078
11082	11086	11089	11093	11097	11102	11106	11109	11114	11116
11120	11124	11129	11132	11125	11139	11143	11148	11151	11154
11168	11162	11195	11171	11173	11177	11190	11199	11189	11193
11196	11200	11204	11262	11265	11270	11274	11277	11291	11254
11295	11299	11306	11323	11325	11346	11348	11793	11831	11835
11863	11866	11869	11875	11943	11948	11950	11955	11959	11963
11967	11969	11974	11978	11981	11985	11988	12037	12041	12059
12069	12078	12082	12087	12089	12100	12102	12154	13157	12191
12164	12278	12284	12288	12291	12295	12298	12302	12306	12333
12369	12372	12376	12380	12389	12396	12400	12403	12420	12423
12426	12431	12438	12443	12450	12454	12458	12481	12485	12487
12491	12568	12581	12584	12582	12585	12610	12647	12654	12656
12667	12702	12706	12711	12713	12722	12727	12772	12775	12778
12782	12833	12835	12840	12862	12867	12891	12026	13032	13034
13039	13042	13045	13048	13055	13058	13081	13085	13088	12091
73096	13100	13117	13221	13223	13228	13233	13238	13240	13243
13247	13260	13255	13250	13287	13290	19294	13312	13318	13320
13324	13329	13331	13336	13339	13344	13347	13350	13954	13358
13383	13387	13388	13395	13397	13401	13452	13455	13459	13462
13466	13469	13474	13477	13482	13484	13488	13490	13497	13501
13503	13507	13510	13515	12518	13522	13526	19529	19533	13537
12541	13545	12547	12553	13597	13599	12804	13607	19812	13615
13618	13622	13626	13630	13634	13638	12841	13644	13648	13654
13656	13690	13652	12668	12973	12575	13679	13682	13687	13690
13695	13658	13701	19705	13710	19712	13717	13719	13729	13729
12731	12735	12739	13744	12747	13750	19754	13797	13762	13766
13769	13772	13775	13790	19786	13786	13792	13794	13800	13803
13807	13910	12814	13818	13822	13824	13830	13832	13837	13842
13844	13848	13850	13957	13860	13863	13866	13869	13874	13879
13882	13886	13890	13893	13898	19901	12805	13908	13912	19915
13919	19954	12957	13962	13995	13968	19871	13977	13980	19987
13990	13994	14000	14002	14007	14009	14013	14018	14022	14025
14028	14032	14037	14038	14044	14097	14101	14106	14109	14113
14115	14121	14124	14128	14131	14134	14138	14143	14145	14151
14153	14157	14183	14166	14170	14172	14178	14180	14183	14186
14191	14200	14245	14247	14251	14256	14259	14264	14266	14286
14288	14293	14297	14301	14304	14307	14312	14317	14320	14323
14327	14330	14335	14338	14343	14345	14349	14356	14359	14364
14366	14370	14375	14378	14381	14385	14389	14394	14396	14400
14405	14408	14412	14415	14420	14423	14426	14432	14435	14438
14442	14444	14450	14453	14457	14462	14464	14468	14471	14477
14480	14500	14606	14509	14512	14517	14520	14525	14527	14531
14536	14538	14544	14546	14551	14554	14557	14562	14566	14569
14673	14575	14581	14585	14588	14593	14595	14600	14602	14608
14611	14614	14617	14622	14625	14630	14633	14638	14641	14644
14648	14652	14657	14659	14663	14668	14670	14678	14678	14683
14686	14689	14692	14698	14701	14705	14707	14712	14719	14720
14745	14751	14755	14758	14763	14767	14770	14773	14778	14786
14790	14794	14799	14801	14605	14810	14812	14918	14620	14829
14828	14832	14835	14841	14843	14847	14851	14855	14859	14861
14867	14670	14674	14877	14681	14884	14899	14892	14687	14900
14903	14906	14912	14919	14818	14822	14825	14850	14954	14957

On 15th November, 1985 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
33 King William Street, London EC4R 9AS,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 15th November, 1985 and Bonds so presented for payment must have attached all coupons maturing after that date.

US$1,500,000 nominal amount of Bonds will remain outstanding after 15th November, 1985.

The following Bonds previously drawn for redemption on the dates stated below have not yet been presented for payment:—

15th November, 1984

9	11	30	43	437	957	1248	1304	1311	1407
1412	1431	1461	1468	1473	1501	1580	2350	3505	3607
3719	3726	3739	3773	4463	4536	4561	4586	4593	4599
4613	4633	4699	4723	4771	4776	4762	4841	4880	4972
4977	5133	5139	5157	5163	5423	5600	5997	8204	8502
8551	6956	6960	7643	7886	8294	8304	8736	8743	8913
9738	8770	10034	10046	10067	10095	13035	13047	13079	13086

15th November, 1983

8	69	74	647	1343	1346	3501	3608	4585	4592
4600	4606	4703	4836	4853	5826	5868	8902	8910	8919
9948	13083								

15th November, 1982

13	4463	4594	4793	14116	14452

N.B. The following Bonds have become prescribed:—

4	4626	4805	4622	4836	5198	5869	6119	7577	12652
12060	13084	14353							

No further payment will be made on these Bonds or Coupons therefrom,

33 King William Street, London EC4R 9AS — 15th October, 1985

Galleries/William Packer

German art in the twentieth century

The exhibition of *German Art in the 20th Century* occupying the primary galleries of the Royal Academy (until December 22; then on to the Staatsgalerie in Stuttgart in the spring), is ambitious in scope, full of fascinating and beautiful things, and certainly not to be missed by anyone interested in the art of this century. The achievement of the organisers in bringing together so much historically and aesthetically important work which is comparatively unfamiliar to us in this country is remarkable. And none of it would have been possible without a large team of sponsors: Lufthansa, Deutsche Bank, Mercedes-Benz, Beck's Bier, Bosch, Hoechst, Melitta and Siemens. A massive catalogue has been published by Prestel-Verlag in association with the Royal Academy (£14.90).

The Academy hopes to build upon the success of this exercise a programme of exhibitions of national definition that, in the words of its president, Roger de Grey, in looking back and trying "to make connections from the period at the beginning of our century to the present . . . (will) make good our debt to the artists of this century. . . ." It is a brave and worthy plan, and one which this first show does nothing to inhibit.

But good as it is, the German exhibition raises certain questions about itself and, by extension, any that might follow. It glosses its scope as being painting and sculpture, 1905 to 1985, which is no small claim. Whatever the primacy among equals that France has arrogated to itself, the critical perspective which has opened up in recent years shows that it was from Germany that so much of the energy flowed upon which the vitality of the avant-garde depended. In the 1920s especially, it was Germany, not France, that seemed to be the principal source—and these were the years of expressionism confirmed and developing, of constructivism, Dada at its height, and emergent surrealism.

The festival of exhibitions which the Council of Europe held in Berlin eight years ago unravelled these strands clearly, and drew them together again into a coherent if loose web of mutual relationship and interdependence. Many shows since have taken them again one by one; but here we might be forgiven for having anticipated the comprehensive overview that the title of the show suggests.

What we get in fact is an exposition of the German expressionist tradition in its successive manifestations since 1905, with a nod to constructivism and surrealism, but with the primary intention of validating the phenomenally successful group of younger artists, come to prominence since the late 1970s, by claiming their place within that tradition. The exhibition thus falls clean in half: all to the left of the central axis pre-war, and all to the right, post-war.

The early rooms are as full and clear a statement of the work of the artists of Die Brücke and Der Blaue Reiter, and their immediate associates, as we could wish for. The fierce, hot and uncompromising simplicity and directness of Schmidt-Rottluff are among the most memorable sensations of the entire show; and a group of horses and other animals by Franz Marc in the next room, much less assertive but one might have thought devalued by cheap and sentimental reproduction, are surprising in their unaffected freshness. There too is a fine run of Kandinsky's abstracted improvisations, made just before the First World War, with their visual reference to object or landscape so obvious and unproblematical. "The Winter Landscape" is a delight.

So far, so wonderful; on we go by way of Kokoschka, Nolde, the apocalyptic Meidner, Modersohn-Becker, and Kirchner's extraordinary primitive carvings of the early 1920s, all together in the south rooms, to Max Beckmann, Lovis Corinth and Wilhelm Lehmbruck, the sculptor, who command together the Academy's great stage of Gallery III.

It is very good to see Beckmann, one of the half-dozen greatest painters of the century, matched with the late work of Corinth, who died in 1925, and whose more unified colour and tonality are yet so free and physical.

With Beckmann we are up to and beyond the Second World War, and to move to Dada and the New Realism (Neue Sachlichkeit) of the Weimar Republic in Gallery IV is to retrace a step or two. No harm in that as such: but what has been so ample a show becomes rather more partial and tendentious. Three decades are skimmed through in as many rooms, with only token representation given to major artists and issues.

"Seated nude girl with flowers" (1907) by Paula Modersohn-Becker

George Grosz perforcement must stand for Dada virtually on his own, for Hannah Höch, Haussmann and Schwitters are meanly shown despite the importance of the Dada adaptation of collage to political inference. And Dix and Schad are the whole of the Neue Sachlichkeit, with Schlichter tucked away in a corner, and yet the movement had a wide scope and continued into the 1930s. Schlemmer and Klee likewise are the Bauhaus in its painterly aspect, with nothing of constructivism, and Max Ernst surrealism. We would all accept that choices are hard in a survey show, but to represent the proscriptions of the 1930s by a list, and to offer so little of the actual work of that terrible time, is hardly adequate for a show that purports to be of the German art of this century. The most important fault is the failure to grasp the nettle of Nazi art itself.

The last third of the space is devoted to the German artists who appeared in the Academy's *A New Spirit in Painting* four years ago, and the development of their work since the 1960s, huge in scale, figurative against the tide, and of course expressionist. Such great size, which is a tyrannical contemporary orthodoxy, does rather aggravate the problem of selection, and if we were moving fast before, there is no slowing down now. What we find is that this new spirit of post modernism is no more than that earlier, more concentrated expressionism writ large; and most impressive and convincing when it is closest to that source in manner and content: Jörg Immendorff for example, harking back to the dreadful cafes of Dix and Grosz 60 years ago; Anselm Kiefer to the Nordic wastelands of Munch; and Bernd Koberling to the powerful graphic simplicity of Beckmann.

A number of sculptures and installations by Joseph Beuys occupies the central rotunda: poetic, ambiguous, wistful and indulgent by turns; and an environmental exercise by him, involving roll upon roll of felt, a grand piano and a thermometer, has transformed the Anthony d'Offay Gallery in Dering Street into a work of art, if only until November 16.

Cheltenham Festival of Literature

B. A. Young

The Cheltenham Festival of literature saved up some gems for its last weekend. Paul Foot, who has a talent for mixing potent comedy with wisdom, gave a talk on Friday called *Can We Trust Shelley?* where he demonstrated how Shelley was not just a Romantic poet but a revolutionary orator using as his ammunition the "Ode to the West Wind." As he pointed out, this is not just a pretty piece of nature poetry but, first, a call to revolt, next, Shelley's fear that with increasing age (he was 27) the call to revolt might abate, then, in the last stanza, his determination to stay in the battle.

Mr Foot also took part in a concerted reading next morning, called *Freedom*, chaired by Norman Buchan, Shadow Minister for the Arts. He read Cobbett's letter to Wilberforce about the Combination Act. Then Michael Foot read Byron's speech to the Lords against the bill proscribing the Luddite frame-breakers about whom we can hear in the Radio 4 Sunday series, *Shirley*. Nothing else reached their level except the unaccompanied singing of some popular ballads by Elaine Claxton. In general, this was irrelevant to the festival. Anyone averse to it could have gone to the town hall to hear schoolchildren reading their way through Wordsworth's "The Prelude."

For Wordsworth was the next subject, and Melvyn Bragg reassured us that he was as much a revolutionary when he was young as Shelley. Shelley died at 29, before his impulse died, but Wordsworth lived to be 80 and lapsed into respectability and Civil Service appointments. Maurice Baring imagined, in a story called *Alternative History*, that Wordsworth would have died in the Jacobin wars in France, whereas Sir Percy Shelley would have been an eminent Conservative MP.

Turning to Yeats, Seamus Heaney brought us back to the spirit of place in his talk about the effect of Yeats's renting Thoor Ballylee from Lady Gregory. Ballylee was a Norman keep and the "Tower Poems" of the 1920s showed a new side to Yeats. Of course, the fact that he got married at that time may also have had something to do with it; but Mr Heaney knows a lot more about Yeats than I do.

Mr Heaney read again the next afternoon, when he and Melvyn Bragg plugged the gap left by Lord David Cecil, aegrotat. His first group came from a smashing anthology edited by himself and the Poet Laureate, "The Rattle Bag" (Faber, £5.95 paper), then he gave us some of his own work. Grand, all of it, but to tell the truth it matters little what he reads; his voice, like a Bach cello suite with an Irish accent, will carry anything. Mr Bragg read D. H. Lawrence, verse and prose, but he does not carry the same armament.

The actors finished the day—though not the festival, for the Poet Laureate is to come on October 25. Simon Callow's *Work without Hope* was a performance of some of Coleridge's essays, cleverly done with a suggestion of the poet's own manner, as far as we can reconstruct it. He included: "Kubla Khan," "Christabel" (part 1), and "The Ancient Mariner." We shall be lucky ever to hear them so well read again.

And Alfred Burke, wearing a bushy grey beard, gave us the life of the Reverend Patrick Brontë in Haworth. Mrs Gaskell described Brontë in her biography of his daughter Charlotte as "a cassocked savage." As Mr Burke and his two assistants showed us, there was a lot in his life that was far from savage, was even amusing.

The Brontës of Haworth/Scarborough

Martin Hoyle

Ann Brontë died at Scarborough, a few hundred yards from where three literary siblings of a different stamp, the Sitwells, would cut their teeth and quills half a century later; and even closer to the Stephen Joseph Theatre in the Round, currently trying to resurrect her and, though pious, conscientious and energetic, failing.

Those who hoped the recent *Ring Round the Moon* in Regent's Park marked a revival for Christopher Fry will be disappointed. Twenty years ago Mr Fry went down, verbiage blazing, with the leaky ship of poetic drama in the shape of the RSC's *Curtmantle* (eclipsed by *Becket*, Anouilh's play about the same king). He returns from films and TV with the careful, prosaic style of educational broadcasting. He covers the salient facts about *The Brontës of Haworth* using their actual words where possible, without comment, wonder or even imagination.

The two-part enterprise has been adapted by Kerry Gardner from a TV series. A newly-added prologue gives a deep-Fry flavour as the characters, led by Mrs Gaskell who narrates most of the subsequent story, fill in the background, *Nicholas Nickleby*-style. We are introduced to the Reverend Patrick Brontë with frequent recourse to the old device of people telling one another what they already know. "When young you had it in mind to be a poet," the Rev is informed in case he has forgotten. "Where did the fire come from? In the blood was it?" someone enquires, lapsing into rhythms more Llareggyb than north Yorkshire. The plays, which at some midweek performances can be viewed at one sitting, *Nickleby-like* leave the question unanswered.

We meet the Brontë children manifesting their fiery blood with whoops, loony noises and shrieks of "My nerves!" like any product of a trendy comprehensive. Individual characters soon emerge: Charlotte is the most organised, Anne the gentlest, Emily a wild, animal-loving tomboy; and Dominic Letts ably gives doomed brother Branwell a note of quavery instability from the very beginning.

Thereafter we clutch desperately at any incidental characteristic that might add colour or depth to these flat text-book figures. Emily pluckily cauterises a dog-bite on her arm with a red-hot kitchen utensil. The Rev Patrick cannot sleep in a stuffy bedroom. Such details can flesh out historical personages; but here they are all too few.

Neither cast nor production is at fault. Adrian P. Smith's designs lend Alan Ayckbourn's direction a marvellous flexibility. Tables are upturned or laid on their sides to become pews, windows, beds, kitchen ranges or the foyer staircase at Covent Garden. Mr Ayckbourn makes the most of such lively set-pieces as Branwell's visit to a London tavern which almost turns into a musical, or Charlotte's evening at the opera when the Stephen Joseph's little stage bristles with crinolines (costumes: Edward Lipscombe) and echoes to the buzz of the *beau monde*.

But newcomers to the Brontë phenomenon would get no idea of its magic from this chronicle of a pleasant middle-class family. Period background is vague — references to the Catholic Bill, unexplained, or an attempt on the life of the young Victoria. Despite stints as governesses, the sisters give little hint of the dilemma facing independent-minded but badly-off young women, trapped between genteel penury or the vassalage of marriage—though Charlotte's early feminist gesture of being given away at her wedding by a schoolmistress friend is noted.

Above all, nowhere do we get the slightest suggestion we might be watching genius. One or two books are mentioned, *en passant*, a few lines of poetry quoted, but they might refer to cookbooks or the adventures of a vet for all we know.

To a script devoid of any romantic imagination, Jane Hollowood (Charlotte) and Lesley Meade (Anne) go through the schools-broadcast motions briskly. Tessa Bell-Briggs, faintly gypsy-like, is a fine tough Emily, but must beware of the classless twang that is neither genteel nor isolated Yorkshire. Geoffrey Banks plays down Papa's snobbishness and goes for the Irish charm with great success.

A large company play an even larger number of parts: Heather Stoney, insidiously seductive as the mother of Branwell's pupil, Sue Burton, charming as Charlotte's confidante, Christina Barryk and Randal Herley stand out. Caroline Webster's agreeable Mrs Gaskell—credible as the author of *Cranford*, less so as the hard-working industrial clergy wife of *North and South*—is another victim of the script's intractable blandness.

Carmen/GTO/Glyndebourne

Ronald Crichton

Glyndebourne Touring Company opens in the now usual way with a week on home ground, showing this season's touring repertory — *Carmen*, *Idomeneo* and *A Midsummer Night's Dream*, in thoroughly prepared reproductions of the original stagings. I did not see the Peter Hall *Carmen* in the summer but was much impressed by the broadcast of the Prom performance. There was enough in Cordelia Mounsey's direction "after" Hall to explain the enthusiasm with which the original was greeted. This straightforward, ungimmicky, truthfully detailed production of a much-suffering masterpiece came at just the right moment.

The general effect on Thursday was none the less slightly anti-climactic. Stretches of action which need to be sharply executed—the entry of Escamillo, the duel, and above all the ambitious ending to act one with Carmen improbably escaping up a long ladder—were weakly done. Ever and anon the impression of baking sun casting torpor on a motley gathering of locals, orientals and English-looking children (something to do with the Peninsular War?) was shrouded with a thin but lethal film of Anglo-Saxon gentility.

Some of the trouble lay in the orchestra pit. The Bournemouth Sinfonietta played neatly for the conductor James Judd. Ensemble with the stage, in the hair-trigger quintet for example, was safely up to Glyndebourne standards, yet one missed the snap and tingle which this, of all scores, needs. Steel became sponge, thong was softened to wet flannel. I seem to remember that in the summer, when Mr Judd conducted *La cenerentola*, the playing was sometimes much too loud. On Thursday much of *Carmen* was too quiet, with apparently some confusion between intimacy and smallness. Truly the acoustics of this theatre, from the listener's point of view, are unpredictable.

The new Carmen is Jane Turner, a young English singer with experience in oratorio and in small roles at Bayreuth. She has a mezzo voice of pleasing timbre (with the chest register, as the card scene showed, not yet securely attached), and good features. She does not force herself into hip-swinging antics which do not come naturally. Providence, I suspect, designed Miss Turner more for Erda or Waltraute than for Bizet's wildcat. She played the last scene like an offended Norn magically transplanted to the streets of Seville. The dark costumes designed for the unquenchable, unmissable Maria Ewing do not suit her successor, who tended to disappear when the parsimonious lighting deserted her. Few young artists are totally successful in their first Carmen. There is time for this talent to ripen even if it leads in other directions.

Tibère Raffali, who sang José, is a French tenor with a pleasing voice and suitable physique for the role. Like many Josés he did not bring the character fully to life till the last act. Mr Raffali was suffering from a cold, which was worrying in the central acts but rather suited the agonies of the last scene. He nevertheless kept the pitch even in those tricky passages where tenors in the pink of condition are inclined to stray below the note.

The evening's vocal honours went to the Micaela and Escamillo. The rehabilitation of the former (aided, surprisingly enough, by Peter Brook's *Carmen* exercises) is a curious and welcome development. Anne Dawson's well-rounded, credible and freshly sung portrait will help the process. It would be hard to rehabilitate that un-person, Escamillo. At his entrance (so far as one could see him), Malcolm Walker (who sang Morales in the summer) suggested an English milord playing at toreadors. Later this courteous dignity paid off surprisingly well. The voice is of excellent quality.

Good smugglers (Clive Birch, Peter Bronder) and gipsy-girls (Louise Winter and Anna Steiger). Miss Steiger is a natural. Even with greater, more Wagnerian gleam than the lighting cast on this Seville one would not have lost her from view for a moment. The French dialogue was variably tackled. On the whole the best singers were the best speakers. There isn't much point in doing the longer version of the quarrel in act one if the girls can't spit their phrases out more clearly—a question of rapid articulation, I dare say. Gratitude to Mr Judd, on the other hand, for restoring the longer version of the cigarette chorus.

New chairman for Bath Festival

Mr Tony Garrett will become chairman of the Bath International Festival after the 1986 Festival, in succession to Mr Robin Buchanan.

Paris Dance Festival

Freda Pitt

The standard of the Paris International Dance Festival has fluctuated over the years, as its posters, recently displayed at the little exhibition largely designated *Four Hundred Years of Ballet in Paris*, showed. Only four or five editions can be considered truly memorable; this year's is unlikely to be counted among them, unless the Dance Theatre of Harlem's Creole *Giselle*, which is still to come, is greeted as a revelation in Paris as it was in London and New York.

Martha Graham's company drew deservedly large audiences, after a nine-year absence. Three programmes were given at the Châtelet, the contents of which were divided between established repertory works and more recent ones, such as last year's *Rite Of Spring* (shown in Florence earlier this year). I caught the second programme, made up of three works presenting Graham at her most high-priestess-like and somewhat contradicting the claim in the notes to be "of our time," since the subject-matter of *Judith*, *Herodias* and *Night Journey* is as far removed from everyday life as that of *Swan Lake*. The claim is nevertheless valid in its reference to technique.

All three works date from the 1940s, when Graham was making the principal roles for herself. No one can equal her passionate intensity, but Peggy Lyman made a striking Judith and Christine Dakin a remarkable Jocasta—whose drama takes precedence over Oedipus's in *Night Journey*. The dancers' rigorous technique was at all times admirable.

Towards the end of the Graham season, at the same theatre, though outside the festival framework, a brief programme of virtuoso show-pieces was given by winners of the principal international dance competitions. At the last of the four performances, Marie-Claude Pietragalla and Wilfrid Romoli, last year's Paris victors, gave a rather mechanical performance of Maurice Béjart's pseudo-Indian *Bhakti III pas de deux*. Further Béjartian acrobatics were provided by the French idol of the moment, Sylvie Guillem (Varna 1983 Special Grand Prix), in the *La Luna* solo created for Luciana Savignano and unworthy of Guillem's extraordinary gifts.

I was grateful for the unforced grand manner and virtuosity, allied with charm, of the opening Chinese pair, Qi Fen Wang and Cai Jun Wang (also 1984 Paris prizewinners), who danced a *pas de deux* from Perrot's *Esmeralda* with precision and style. Vladimir Derevianko's Varna award goes back to 1978, but I imagine his being resident in Italy makes him more easily available than other Russians. He is fundamentally a demi-caractère dancer in search of a choreographer, but he executed Sophie Golovkine's uninspired *Pas de deux classique* with Korean Prix de Lausanne winner Sue Jin Kang in truly noble Bolshoi style. His *Cabaret* solo was also much applauded.

All 13 dancers possess exceptional technical qualities; however, to capture a "normal" audience, as against a competition, one requires more than technical fireworks. Argentinian Julio Bocca (Moscow 1985 prize-winner) will enjoy an outstanding career if he succeeds in matching his virtuosity with stage presence. In *Le Corsaire*, he leapt and turned powerfully, but as if embarrassed by the flamboyance of the arm movements and the opening crouch. It was on this stage that we saw Béjart's delightful parody of *Le Corsaire* and send-up of dance competitions in general: *Le Concours*. He knew what he was about.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 11–Oct 17

Opera and Ballet

PARIS

Berio's La Vera Storia conducted by Sylvain Cambreling, in a new production co-produced with the Teatro Comunale of Florence and Chicago's Lyric Opera, alternates at the Paris Opera with Iphigenie auf Tauris, co-produced with Rome's Teatro dell' Opera conducted by Kenneth Montgomery with Shirley Verrett/Helene Garetti in the title role. (2665022).

VIENNA

Volksoper (5324/2657): Kalman's Di Csardasfürstin conducted by Bibl with Mottl, Graczoll, Zsadon, Schreibmayer, Wasserlof, Drabosch, Hellberg, Nemeth, Dauscha, Randers, Ofner-Aichfeld, Forstner (Fri). Millöcker's Der Bettelstudent conducted by Bibl with Mottl, Rudiferia, Kales, Juster, Pabst, Aichhorn, Minich, Ofner-Aichfeld, Jenewein, Günther, Dauscha, Ruzicka, Jeschek, Drabosch, Poppell, Wasserlof, Lachmann, Eder (Sat). Johann Strauss' Gipsy Baron conducted by Artmüller with Irosch, Schwarzenberg, Szep, Sobota, Kindler, Prikoa, Vogel, Krämmer, Serafin, Gerboth, Eder, Günther and The Mozart Boys Choir (Sun). Lortzing's Der Wildschütz conducted by Richter with Rudi Eria, Poschner, Sobota, Juster, Czerwenka, Karczykowski, Kat Böck, Gerhard, Lachmann and The Mozart Boys Choir (Mon). Lehar's Das Land des Lächelns conducted by Bibl with Irosch, Graczoll, Franz Wächter, Ehren Reund, Wasserlof, Krämmer, Kainz, Günther (Tue). Smetana's Die verkaufte Braut (The Bartered Bride) conducted by Parik with Seibel, Banfalvi, Sobota, Graczoll, Pabst, Katzboec, Kainz, Vogel, Scheder, Kuchar, Ofner-Aichfeld (Wed). Zemlinsky's Kleider Machen Leute conducted by Gülke with Ottenthal, Sobota, Haas, Kindler, Burger, Hounvicka, Schreibmayer, Vogel, Ofner-Aichfeld, Katzboeck, Wasserlof, Mertens, Ruzicka, Baillie, Drabosch, Granzer, Schmapka, Jenewein, Bartussek. (Thur).

WEST GERMANY

Frankfurt, Opera: Benjamin Luxon sings the title role in Don Giovanni. Volkman Olbrich conducts Der Zigeunerbaron, and Galina Savova is Amelia in Ein Maskenball.

Stuttgart, Staatstheater: Philip Glass' opera Echnaton, composed for Stuttgart and recently seen in London, is produced by Achim Freyer. Also Othello with Bernd Weikl and Gabriela Benackova, produced by Gian Carlo del Monaco, and Cav and Pag with Waltraud Meier, Carmen Mammoser and Michael Austin.

NETHERLANDS

The National Ballet with Hans van Manen's Adagio Hammerklavier, John Wisman's Say it again – louder, and Rudi van Dantzig's For we know not what we do. (Mon) in Scheveningen, Circus Theatre (558800), Tue in Arnhem, Schouwburg (with Van Manen's Three pieces replacing the Van Dantzig) (422741).

Arnhem, Schouwburg. La Traviata from Opera Forum, directed by Rudolf Sauser and conducted by August Haltmayer (Wed) (422741).

Rotterdam, Luxor Theatre. The Scapino Ballet with works by Czarny, Van Manen, Van Schayk and a new ballet by Kylian (Mon) (135326).

ITALY

Milan: Teatro alla Scala: A Homage to Carla Fracci – a programme to celebrate the 30th anniversary of the La Scala debut of Italy's prima ballerina (Tue) (809126).

Florence: Teatro Comunale: opera season opens here with Gounod's Faust produced by Luca Ronconi with scenery and costumes by Pier Luigi Pizzi and conducted by Reynald Giovanetti. The cast includes Alberto Cupido, Samuel Ramey, Jean Philippe Lafont and Aracelly Haengel and it is sung in the original version. (Sun, Thu) (2779236)

Florence: Piccolo Teatro del Comunale: a programme of ballet by the Maggio Musicale Fiorentino company. (Sat, Tues, Wed) (2779236).

LONDON

Royal Opera, Covent Garden: Il trovatore, one of the less successful of Visconti's London opera productions (and now more than 20 years old), returns as a vehicle for the first Leonora of Elizabeth Connell, one of the best British sopranos. José Carreras and Elena Obraztsova are familiar in their roles here; Wolfgang Brendel as Luna is a newcomer; Giuseppe Patanè conducts. Further performances of the new Zemlinsky double bill, and of the Elisir d'amore revival led by the culcamara of the veteran Rolando Panerai.

New Sadler's Wells Opera, Sadler's Wells: the latest season of NSWO opens this week with a new production of the Merry Widow, produced by the company's leading light Nigel Douglas, and with Eiddwenn Harrhy and Sarah Brightman in leading roles.

The Place, WC1: Post-modernist Mark Morris opens a season on Tuesday.

NEW YORK

Dance Theater Workshop: The season continues its Border Crossings programme with Laurie Booth whose collaboration with composer Philip Jack provides the contribution from London, Yip Yip Mix and the Twentieth Century (Thur). 219 W., 19th St. (9240077).

The Feld Ballet (Joyce): Choreographer Eliot Feld puts his company through a variety of paces, including the world premieres of Aurore I and Medium: Rare. Ends Nov 30, 8th Av at 19th St. (2420800).

Tango Argentino (Mark Hellinger): After a sold-out programme at City Center in June, this troupe of 30 of Argentina's top tango dancers, choreographed by Claudio Segovia and Juan Carlos Copes, takes a five-week turn on Broadway. Ends Nov 10. (7577064).

CHICAGO

Lyric Opera (Civic Opera House): The 31st season begins with Otello starring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antonello Madau Diaz. The season also has in repertory Madame Butterfly with Anna Tomowa-Sintow in the title role conducted by Miguel Gomez Martinez, as well as Samson, Anna Bolena, La Traviata, I Capuleti e I Montecchi, Die Meistersinger and La Rondine (3322244)

Saleroom/Antony Thorncroft

A royal cup of tea

A very rare Staffordshire Royalist teapot and cover, made around 1750 with a portrait of Bonnie Prince Charlie against a tartan background, sold for £10,800 at Christie's yesterday in the English pottery and porcelain auction. Only one other example of such a teapot is recorded, which accounts for a price above the £7,000 top estimate.

It went to a private buyer, as did most of the top lots, in an auction which totalled £135,979, with 12 per cent bought in. Yellow ground Worcester was in demand, with an oval dish of around 1770 doubling its forecast at £5,400, and Delftware was another strong sector. A Southwark armorial salt of about 1640 sold for £4,536; the two similar examples are in the V and A, and the British Museum.

A Chelsea apple tureen and cover, of around 1755, did well at £4,320 while the best lot among the Bow was the £3,672 paid for a pair of figures of a cock and a hen, made in the factory around 1758. As usual the good items did better than the run-of-the-mill lots, even if they were slightly damaged. A Chelsea fluted teapot and cover, with a repaired handle, beat its forecast at £3,672.

Glendining sold a collection of coins from the Sussex mints, produced between the reigns of Aethelred II and King John. The total of £38,345 was slightly below expectation, but a coin of King Stephen, minted in Rye, extremely rare, beat its estimate at £1,800, to Baldwin. The same dealer paid £1,250 for a William I coin from the Pevensey mint.

*

Three new acquisitions by the National Gallery go on display today. They are a triptych: "The Virgin and Child in Glory," attributed to the German artist known as the "Master of the St Bartholomew altarpiece," who was active around 1500; a portrait of a man by the 18th century French artist Jean-Baptiste Greuze; and a sketch of a "Vision of the Madonna" by the 18th century Spanish artist (and brother-in-law of Goya), Francisco Bayeu: his work was not previously represented in the NG collection. All were purchased relatively cheaply: the triptych selling for £28,392 at Christie's last December.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday October 15 1985

Appointment missed

THE CANCELLATION of yesterday's controversial meeting between Sir Geoffrey Howe, the Foreign Secretary, and two members of the Palestine Liberation Organisation's executive committee has come as only half a surprise. In the present climate of hostility in the Middle East, heated to boiling point by the successive murder of three Israelis by Palestinian terrorists in Cyprus, the retaliatory raid by the Israelis on the PLO headquarters outside Tunis and the spectacular hijacking of the Italian ship Achille Lauro, talks on a Middle East peace settlement would have appeared badly timed to say the least.

Given the circumstances, the official explanation for the cancellation of the meeting must be considered as telling only part of the story. When Mrs Thatcher, the Prime Minister, announced the visit of a joint Jordanian/Palestinian delegation to London during her visit to Jordan in September, she made it clear that the Palestinian members had been accepted only on certain conditions.

Those conditions were that Bishop Elia Khoury and Mr Mohammed Milhelm, both of them considered to be Palestinian moderates, personally supported a peaceful settlement of the Arab/Israeli dispute on the basis of the relevant United Nations resolutions. Equally important were their opposition to terrorism and violence and what Sir Geoffrey Howe has described as "the unambiguous assurances" that the two Palestinian delegates would make clear publicly their position during their stay in London.

Declaration

The text of the public declaration that Bishop Koury and Mr Milhelm were going to make after seeing the Foreign Secretary was meticulously drafted in negotiations between British and Jordanian officials, who were also acting on behalf of the PLO. As late as the middle of last week, if British officials are to be believed, the Jordanians informed the British Government that the wording which had been worked out was acceptable to both themselves and the PLO delegates.

There are several possible reasons why the whole carefully constructed scenario has failed to materialise and why, at the last moment, the Palestinian members of the joint delegation refused to accept the agreed text.

The British side could have made last-minute changes which proved unpalatable to the PLO, though this is strenuously denied by the Foreign Office. The Jordanians, who acted as go-betweens, could have misunderstood the PLO's position and signalled its agreement to London when it still had reservations. The most likely explanation, however, is that the Palestinian delegates simply changed their minds about making such a significant declaration in public at a time when the PLO is reported to be reviewing its whole strategy.

Their willingness to talk peace in the aftermath of the stunning Israeli air attack on the PLO headquarters in Tunis and the capture of the Italian cruise ship's Palestinian hijackers must have been seriously eroded. Even before the latest events, Bishop Koury and Mr Milhelm were threatened with assassination by Palestinian extremist groups and it was probably more than their lives were worth to go ahead with their visit to London and accept publicly the existence of the state of Israel.

For Mrs Thatcher and her Foreign Secretary, who had shown considerable courage in inviting the Palestinian delegates to London in the face of strong criticism from the U.S., Israel and the British Jewish community, the breakdown of the meeting must come as both a disappointment and relief.

Relief, because Mrs Thatcher was understandably loth to see the British Government associating with members of an organisation responsible for abhorrent terrorist attacks in the weeks and days before the scheduled meeting. Disappointment, because her initiative could have marked the beginning of a breakthrough in the Middle East peace process, if it had gone well. As it is, it will not be easy to set up another meeting of the same kind, particularly if the PLO now decides to adopt an even more intransigent and violent stance.

In the end, however, all sides in the Middle East conflict will be forced to accept what is already obvious to most people in the world—that no political advantage is to be gained by a continuation of terrorism.

The events of the last week have certainly brought home to the western democracies the need to step up international action against terrorism. But they have also underlined the urgency for the U.S. and, possibly the Soviet Union, to play an imaginative and dynamic role in pushing the combatants to the negotiating table.

More jobs for minorities

THE MINISTER of State at the Home Office, Mr David Waddington, said on television last weekend that the British Government is considering introducing a new concept of "contract compliance" relating to racial discrimination to apply to any commercial order placed by the central authorities. The company receiving the order could be obliged to show that it was not practising discrimination on grounds of race in any way, including covert discrimination and even discrimination of which management may be unaware: for example, by not seeking hard enough to recruit from among the ethnic minorities.

That is a welcome, if belated, step towards outlawing racial discrimination in Britain. It was, incidentally, under discussion well before the recent outbreak of violence in the inner cities. If introduced, it is likely to be followed by a similar order extending to contracts placed by local government. The private sector will be affected at least indirectly, since it is the recipient of many of the contracts. It will be up to it to show that discrimination is being banished.

Some people will say that is still inadequate and would favour reverse discrimination on the American model, whereby a minimum quota of certain jobs is kept for the minorities. The trouble with that argument, however, is that in Britain, a country with quite different traditions, it would create an extra layer of bureaucracy at a time when the Government is trying to get rid of excessive regulations and rigidities in the labour market. It is a method of the last resort which might create as many problems as it resolved.

Recruitment

Yet the non-statutory approach will work only if it is pursued with total dedication by central and local authorities, by the trades unions and by the private sector. It is not enough to say that there is equality under the law backed up by the Commission for Racial Equality and recourse to industrial tribunals for those unfairly dismissed. Patently there is not equality in practice, certainly not equality of opportunity.

A lot has to do with recruitment. It is often said that members of the minority communities do not apply in force for jobs advertised. That may have something to do with the manner of the advertisement and where it is placed. Companies could go out and recruit more actively in areas where the minorities are concentrated and put the advertisements in publications they are likely to read. They might also give more thought to career prospects once they have been engaged; it is not enough to recruit blacks simply for the most menial jobs and leave them there.

The Confederation of British Industry has suggested that "contract compliance" might set a precedent in that some public authorities might begin to set other criteria in awarding contracts rather than going for the best offer: for instance, by discriminating against companies which invest in South Africa. That is a red herring. The point about compliance when it comes to race is that racial discrimination is against the law: a difficult law to enforce admittedly, but one that must be seen to be supported.

What people say in these matters is almost as important as what they do. There were honourable exceptions at the Conservative Party Conference in Blackpool last week, but generally missing were the categorical assertions of the need to promote equality of opportunity for all Britons, regardless of colour. Equally, sections of the Labour Party have gone over to a sentimental view of oppressed minorities in this country that can do no good for race relations. It should be quite straightforward: there is too much evidence of racial discrimination. It can be at least partially corrected if employers begin to recruit more widely and the existing law is upheld. However tentatively, the Home Office is on the right track.

Daimler-Benz/AEG link

Another entry for the high-tech race

By Kenneth Gooding
Motor Industry Correspondent

SUDDENLY, the world's most successful motor companies seem to be driven by a single thought: to accelerate as rapidly as possible into electronics, aerospace and other high-technology businesses.

Daimler-Benz's bid for control of AEG—a cash-poor company with a rich store of advanced technology—echoes strongly the actions of General Motors, which has this year spent nearly $8bn on high-technology acquisitions. Just as GM is seeking to protect its future as the world's biggest motor manufacturer, Daimler-Benz is primarily concerned to defend its position as the world's leading truck maker and a producer of up-market, high quality cars.

There is also a bonus for such adventurousness: by diversifying, these companies are spreading their interests out of vehicle production — where, for the time being, growth has slowed to a snail's pace — to areas with immense growth potential. Both GM and Daimler-Benz know that their chances of growth through increased market share in the motor industry are limited.

"Electronics as an industry is still at the model T stage," says Mr Roger Smith, GM's chairman. He intends to use the expertise of the companies he has acquired to turn GM into a "paperless" organisation. Customers will be able to order a car, components for it will be called up and assembled at a computer-controlled factory and the finished vehicle sent off to its final destination without any invoices changing hands.

Daimler-Benz has already shown it is determined to stay in the forefront of the use of electronics in its vehicles — particularly in its highly-profitable cars. The German company has no intention of allowing the Japanese to move up into its part of the market unchallenged.

Before the offer for AEG, the most important move by Daimler-Benz was the acquisition earlier this year of Dornier, the West German aerospace company — a move which was quickly followed elsewhere in the industry by GM's purchase of Hughes Aircraft, the leading U.S. defence electronics company, for which Ford also bid, and Chrysler's purchase of Gulfstream Aerospace.

All these buyers and bidders had the same thing in mind: to gain access to new materials and technologies which might have been too expensive to develop for cars and trucks alone.

Daimler-Benz's purchase of the 50 per cent shareholding it did not already own in MTU, which makes large diesel engines, was not in the same category.

It already had access to MTU's technology and the manoeuvre seems to have been defensive. The price paid for the MTU stake, unofficially estimated at DM 500m, provided a welcome cash injection for MAN, Daimler-Benz's partner in the venture and the second-largest West German heavy truck producer.

The timing of the deal enabled MAN to resist the blandishments of General Motors which was more than a little interested in buying a shareholding in MAN from its parent, the GHH engineering group.

So Daimler-Benz's apparently benevolent gesture towards a competitor was in reality enlightened self-interest. By helping MAN along the recovery road, Daimler-Benz prevented the entrance of an unwelcome intruder to its domestic market—a market it has so far successfully guarded against foreign competition.

MAN accounts for about 10 per cent of West Germany's truck market, a useful starting point for any one of Daimler-Benz's competitors wanting to erode the group's dominant position and market share of well over 50 per cent.

This strength in Western Europe's largest truck market enabled Daimler-Benz to emerge as the world's largest producer of heavy trucks (over six tonnes gross) by the end of the 1970s.

Its heavy truck assembly plant at Woerth, near Karlsruhe—Europe's biggest with 10,600 employees—can produce well over 100,000 vehicles a year, enough to satisfy demand in both Germany and the UK.

The economies of scale at Woerth also made it possible for Daimler-Benz to match the worst efforts of its competitors in the European truck price war which flared in the 1980s and yet still to keep its truck operations in the black.

It was stressed again yesterday that the automotive business will remain at the heart of "We have great confidence in D-B's activities for many years. the future of the automobile. We can see no viable alternative to the automobile as the most individual and versatile means of land transportation. The growth potential in the automotive industry in the long term is still enormous," says Hans-Jurgen Hinrichs, sales director.

With this in mind, in 1981—again after five years of careful strategic thinking of the type which resulted in the purchases of Dornier and AEG—Daimler-Benz bought Freightliner and thus gained a solid foothold in the U.S. truck market.

Freightliner now has close links with the group's truck operations in Brazil and will also become heavily involved with FAMSA, a Mexican diesel engine company in which Daimler-Benz bought a 49 per cent stake along with management control earlier this year.

While it has shown willingness to build trucks outside Germany when that is what it takes to gain a significant market share, Daimler-Benz has no intention of moving any of its car operations "off-shore."

Although it restricts its presence to the executive and luxury end of the car market, Daimler-Benz can no longer be viewed as a small, specialist producer. It will make about 520,000 cars this year, well ahead of its rival BMW

Daimler-Benz has spent heavily on its car business: DM 2bn on the "small" Mercedes 190 launched in 1983 and another DM 1.4bn on plant and equipment alone for the new mid-sized range, which has been progressively introduced.

The combination of these two new models has boosted the Mercedes marque's share in West Germany from 10 per cent to 11.5 per cent so far this year, taking Daimler-Benz to third place behind Volkswagen-Audi and General Motors-Opel but ahead of Ford for the first time in many years.

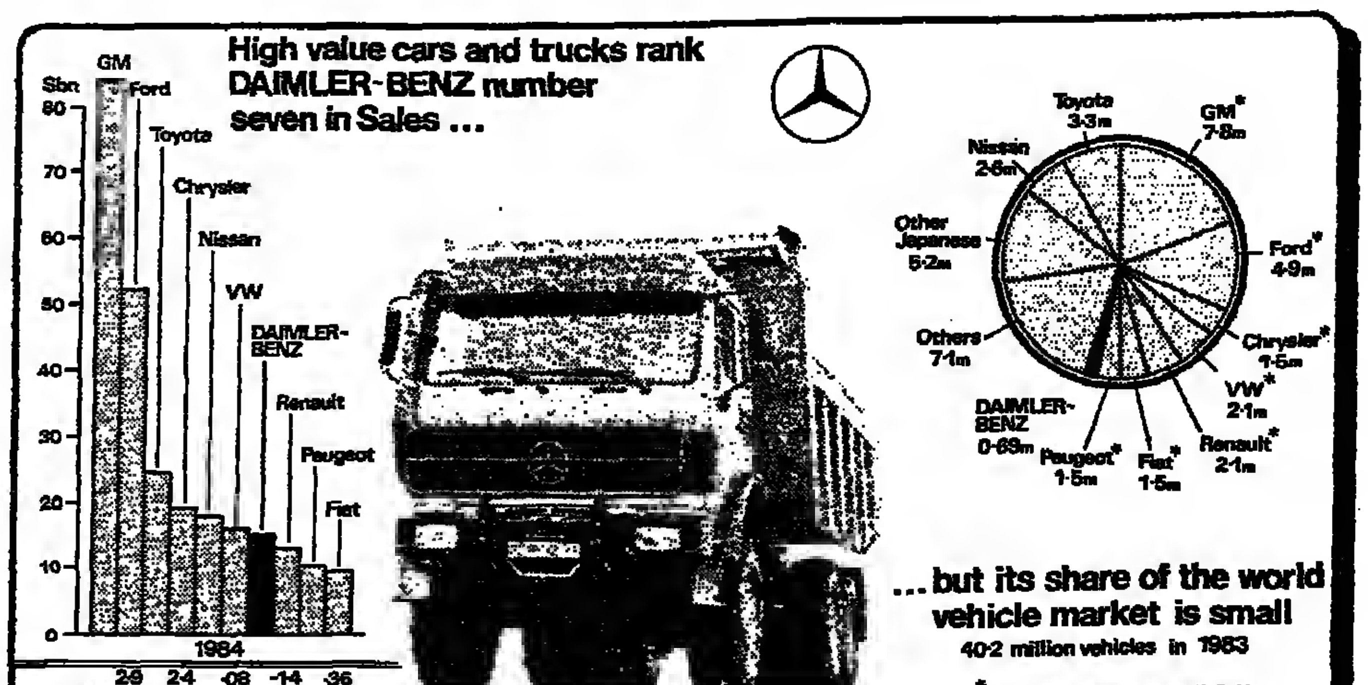
"We are not just offering luxury cars for rich people," Herr Hinrichs insists. "We offer cars of the highest quality and high safety. There will always be people who want this type of car."

An example of what he had in mind could be found at the recent Frankfurt Motor Show where Daimler-Benz showed a four-wheel-drive system which engages only when the car's electronic control system says it should be.

This system will go into production for Mercedes cars next year.

With its purchase of Dornier and AEG, Daimler-Benz has signalled that it has no intention of being caught by its competitors as these developments occur, whether they come from the U.S. or Japan.

The company can also take comfort from the fact that many of the new electronics systems can be adapted for use in commercial vehicles, thus helping Daimler-Benz maintain its place at the top of the league of heavy truck producers.



Martyn Barnes

West German industry fights back

DAIMLER-BENZ's decision to take over AEG means that a new page is being turned in West Germany's industrial history.

It is not simply that the emerging giant will be the country's biggest company, with more than DM 60bn in annual sales (and a labour force of 295,000). More important, the action underlines the fact that German industry is at last restructuring to meet the growing international challenge in high technology products — above all from the United States and Japan.

At first sight, it may seem odd that Daimler-Benz is the company in the vanguard of change. True, the vehicle manufacturer is hugely successful; its prestige Mercedes cars and its commercial vehicles are renowned for safety and reliability; it ran up net profits of DM 1.1bn in 1984 on sales of DM 43.5bn, and looks to be heading for an even better result this year.

But Daimler has also long been identified with the qualities of that Swabian area of South Germany, where it is based — canniness, thrift, diligence and conservatism. In other words, it looked like an enterprise from which steady excellence could always be expected, but not a "great leap forward."

That image does a double injustice—to the region and the company. For no area of Germany has been more adept at identifying and fostering fast-growth, high-technology industry, thus helping to drive the unemployment rate to far below the national average. Bosch and IBM's German operations are both based in Swabia.

But it knows its future success depends on close connection with an array of technologies, not available to a vehicle maker alone.

This was certainly the rationale behind the acquisition of a majority stake in Dornier, the aerospace company, if not in the purchase of MTU, the engine manufacturer.

In both cases, Daimler had its share of good luck. Daimler's previous equal partner in MTU, the sorely-tried engineering concern, MAN, needed funds and was willing to sell its stake. And the bitter strife between members of the Dornier family meant that a door became open for a strong new company owner emerging from outside. But Daimler also had an eye for the main chance — and it had plenty of ready funds. Even after its MTU and Dornier purchases, which cost around DM 1bn, Daimler still has a cash hoard of close to DM 10bn.

Cash is exactly what Daimler-Benz's latest target, the AEG electricals concern, has had little of for years—if not decades. Its steady losses brought it to the brink of bankruptcy in the early 1980s. It was saved by a "Vergleich" (composition proceedings) under which 60 per cent of its debt was written off, and by a drastic slimming cure applied by its chief executive, Herr Heinz Durr. It has hauled itself back to a modest operating profit of DM 100m last year on sales of DM 11bn, and its recovery has been honoured by a strengthened share price.

AEG's image of a beleaguered household goods manufacturer is misleading. Household goods now account for only 15 per cent of the company's sales. AEG is also active in fields like telecommunications, satellite technology, micro-electronics, and military equipment — with a research and development budget last year of DM 800m. It also has what amounts to a treasure-chest of patents and intentions, which could not be tapped sufficiently because the funds for development were not available.

That will now change. The Daimler takeover means that AEG's debt will be wiped out, that its capital base will be greatly strengthened — and it will not always have to be looking over its shoulder at the banking consortia which has held around 50 per cent of the share capital so far.

A group of high technology companies has thus emerged under Daimler's wing, each part of which should give stimulus to the others. For example, there are good prospects for co-operation between AEG and Dornier in transport, space, and communications technology; between AEG and Daimler in automation and information technology; and between AEG and MTU in intensified engine research. Some of that will certainly flo winto Daimler's effort to expand its vehicle market share. But much, it is believed, will result in new products capturing broader markets.

It might be argued that Daimler could fall on its nose with its AEG involvement rather as Volkswagen did with its investment in the ailing office equipment company Triumph Adler. But Daimler has long scrutinised AEG closely before taking the plunge and it sees a company which has already shed most of its problem sectors in the last couple of years, and has dragged itself back into profit.

Jonathan Carr
in Stuttgart

Men and Matters

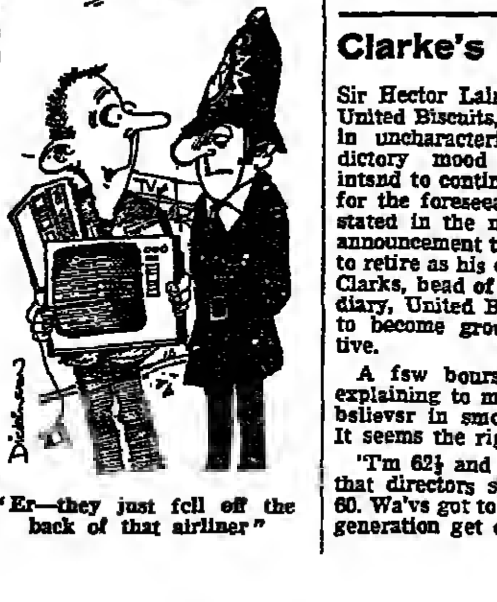
Hammer in action

At 87, Dr Armand Hammer, chief executive of Occidental Petroleum, has more energy than most men half his age. That he also has an ego to match is evident in a new book about him, The World of Armand Hammer, selling at $35.

For the last three years John Bryson, a former Life Magazine correspondent, has been tailing Hammer round the world. He has logged more than 1m miles in the process, chronicling and photographing the life and times of the legendary tycoon.

The 256-page book, launched appropriately in the Armand Hammer Gallery in New York's Metropolitan Museum, is filled with pictures of Hammer in various parts of the world, mostly with famous people.

When he is not see chatting to the likes of Mikhail Gorbachev and President Reagan he can be found performing good works, or collecting art treasures. He is probably best remembered in the art world for paying $5.8m for one of Leonardo da Vinci's notebooks.


"Er—they just fell off the back of that airliner"

Rather surprisingly the book gives little insight into the remarkable business success of Hammer except to say that he "ricochets across the globe overseeing Occidental's operations, leaving behind him a trail of exhausted executives wondering how the steel trap brain can remember so many details."

His relationship with his executives is summed up by an anecdote about a member of his staff holidaying in the Pacific on a yacht without a radio. A helicopter was hired to find the yacht and drop a bottle into the ocean with the message "Call Dr Hammer immediately."

Hammer, it is reported, works 14 hours a day, seven days a week, and spends a large amount of his time aloft in his travelling command post — his personal Boeing airliner. The book goes on: "To relax between stops, he and Mrs Hammer, holding hands, watch old Charlie Chaplin movies on one of the plane's two TV sets."

Clarke's cookie

Sir Hector Laing, chairman of United Biscuits, appeared to be in uncharacteristically contradictory mood yesterday. "I intend to continue as chairman for the foreseeable future," he stated in the morning, on the announcement that Bill Gunn is to retire as his deputy, and Bob Clarke, head of the main subsidiary, United Biscuits (UK) is to become group chief executive.

A few hours later he was explaining to me: "I'm a huge believer in smooth transitions. It seems the right time.

"I'm 62½ and we have a rule that directors should retire at 60. We've got to let the younger generation get on."

Clarke himself, 56, seemed to find it easier to discuss his likely future as successor to Sir Hector. "Our whole approach is one of continuity. It's a natural evolution of the business brought about by the retirement of people who grew up with it," he said.

Clarke grew up with Cadbury. When Sir Hector took over the subsidiary he was running about 12 years ago, he was given a choice between staying where he was or moving into the UB mainstream. "It seems to have worked out all right," he says diffidently.

A calm, even imperturbable man, he gives the impression of being more excited by the prospects for a new N.S. olive company just added to the group portfolio than the thought of being dragged through the U.S. courts in the latest round of the infamous "cookie war."

Next month Procter and Gamble takes UB, Pepsico and Nabisco Brands to court, charging that they have infringed its patent rights to the so-called "soft cookie"—and in the process squeezed P and G into third place in the market.

"We are quite sanguine," he says, agreeing that the soft soft cookie may be a market fad of the distant past by the time the case is finished. He prefers to rely for the ultimate defence on the strengths with which evolution has blessed UB. "You do learn over 100 years how to cook a biscuit rather better than newcomers like Proctor and Gamble."

Ocean wave

With P & O building a 13 per cent stake in it, Ocean Transport and Trading has been the centre of some keen attention in recent months.

Now, Ocean has given the City something else to think about. Next year a new man will be at the helm, though he will share it for a time with the current executive chairman, William Menzies-Wilson.

Nicholas Barber, 45, and already an Ocean director, becomes group managing director, a new post, on January 1.

Menzies-Wilson is due to step down at the end of next year under Ocean's rule of retirement at 60. The new appointment reflects his long-held desire to split the functions of chairman and chief executive, as has happened in many companies.

Barber, with Ocean all his working life apart from spells lecturing on classics in the U.S., doing an MBA course at Columbia University in New York, and on secondment to the National Enterprise Board, has been a director since 1980.

"There is a lot of potential in the various parts of Ocean," he reckons. The City has not always seen eye-to-eye with the company, viewing recent dividend rises as distinctly ungenerous. Profits are now rising at Ocean—with interests in fuel distribution, offshore oil services, and freight forwarding, as well as shipping—which hit a sticky patch a few years ago.

Both Menzies-Wilson — who may become non-executive chairman after retiring as an Ocean executive—and Barber profess to be unconcerned about the stake built up by P & O under chairman Sir Jeffrey Sterling and say the timing of the appointment has no connection.

"I don't feel we're vulnerable, no," asserts Menzies-Wilson. "They can obviously see a good investment," says Barber, a keen hill-walker and erratic golfer, who has been in charge of Ocean's marine interests, including the one-third stake in the highly profitable Overseas Containers (OCL), in which P & O is also a shareholder.

Observer

Commonwealth meeting

South Africa: worries behind the hard line

By Robert Mauthner and Tony Hawkins

THE SHADOW of South Africa will be looming over the week-long Commonwealth Heads of Government meeting (CHOGM) which begins in Nassau, the capital of the Bahamas, tomorrow. In one sense, at least, that will not be such e bad thing. It will concentrate the minds of the 40 or so leaders of countries, ranging in size and importence from Britain, Australia and Canada to the tiny Indian Ocean Islands of the Maldives, on one major international issue.

In spite of the ritual obeisance to the Commonwealth as a unique association of independent states, bound together by the cement of a common colonial history and language, the two-yearly CHOGM is always vulnereble to the criticism that it is no more than a glorified talking-shop.

What the meetings can do, however, is to enabla the leaders of countries with widely differing political and geographical interests and economies in various states of development to bave a full exchange of views in an informal atmosphere. This has sometimes influenced their subsequent national policies.

The most ontstanding example of the Commonwealth process at work was the Lusaka heads of government meeting of 1979, when the foundations of a joint policy for the independence of Zimbabwe were laid down. Such occasions are relatively rare, but there can be no doubt that Sir Shridath (Sonny) Ramphal, the ebullient and emotional Commonwealth Secretary-General, wants the Nassau conference to concentrate on South Africa in tha same way as Lusaka focused on Zimbabwe. Sir Sonny, backed by many of the black African states, Australia, Canada and India, to name but the most important, believes that the Commonwealth should respond collectively, in the form of economic sanctions, to the apartheid system in South Africa.

Thesa countries oppose what they consider to be Britain's minimalist position, as expressed by Sir Geoffrey Howe, the Foreign Secretary, in a nawspaper article at the weekend. If, as Sir Geoffrey proposes, each country pursues its own policy towards South Africa when a Commonwealth position cannot be reached at Nassau, that would be tantamount to failing to send "the strong signals" to Pretoria which most of the member states deem necessary.

Nor do the "hardliners" accept that the sanctions already agreed on by Britain as part of a joint European Community policy, such as arms, oil and nuclear equipment embargoes, a ban on sporting contacts and the withdrawal of military attachés from South Africa, go far enough. Mr Bob Hawke, the Australian Prime Minister, has warned Britain against isolating itself within tha Commonwealth, while Mr Rajiv Gandhi, the Indian Prime Minister, has also described the UK as "the odd one out."

The pre-CHOGM huffing and puffing and dark intimations of irrevocable splits, aimed mainly at Britain, the senior member of tha club, are in keeping with a long-standing Commonwealth tradition. But when it comes to looking for a common position of the hardline camp to set against Britain's opposition to economic sanctions, that is distinctly harder to find.

Economic sanctions need to be spelt out in detail if the term is to bave any significance and there is no indication at the moment that it means the same thing to all the countries who are so vociferously calling for them.

Sir Sonny, in spite of his passionate advocacy of bringing pressure to bear on South Africa to abolish apartheid and to introdnce a genuinely democratic political system, has recently tried to bring some order into the thinking on sanctions.

No one is talking abont a full trade embargo on South Africa, he has said. What is being advocated is "selective" economic sanctions of the type proposed by President Julius Nyerere of Tanzania during a recent visit to Canada. These would include a ban on future bank loans and investments in South Africa, on South African agricultural imports, on the sala of Krugerrands and a suspension of civil air links with South Africa.

That, at least, represents an attempt to bring some precision to all the loose talk about comprehensive sanctions. But even a selectiva list of this kind is likely to be rejected by Britain, though Mr Brian Mulroney, the Canadian Prime Minister, is reported to have worked oot a compromise proposal which might be more palatable to Mrs Thatcher.

The British Government has made it quite clear why it is opposed to economic sanctions. They would harm the black population of South Africa and the economies of its African neighbours more than the white population and would merely stiffen the Africaners' resistance to change, it is claimed in London.

That argument has been laughed out of court by Sir Sonny and by many other Commonwealth countries. Britain, as one of the biggest foreign investors in South Africa, is merely looking after its own interests, they claim.

Yet when it comes to the point of making decisions on economic sanctions, Britain could well find itself with some surprising bed-fellowa among South Africa's neighbours, who might advocate harsh measures in theory, but whose willingness to implement them is more doubtful.

Such is South Africa'a dominance of the Southern African economy and so great is the extent of regional interdependence that effective economic sanctions against Pretoria would be bound to have major adverse effects on

Sanctions against Pretoria would have adverse effects on the front-line states

the front-line states and enclave economies. Moreover, with the exceptions of Botswana and Zimbabwe, the front-line states have fragila and unbalanced economies—ones that simply could not withstand a protracted economic siege.

The regional economies liable to be affected—to varying degrees — inclnde Botswana, Lesotho and Swaziland, Malawi, Mozambique, Angola, Zambia, Zimbabwe and even Zaire. Excluding Zaire, they have a total population of more than 80m people and so great is South Africa's dominance that it accounts for 80 per cent of the regional GNP.

The greater the impact of sanctions on the South African economy, tha more severe are likely to be the indirect effects on the region. Thus, Lesotho, with 150,000 migrant workers in South Africa, and Mozambique with 60,000, would feel an impact as a result of retrenchment in South Africa and reduced levels of migrant cash flows. Already the weakness of the rand has had its impact on their balance of payments. Zimbabwe, with 16 per cent of its exports being sold in South Africa, stands to suffer from falling incomes and demand. Even now, Zimbabwean manufacturers ara finding it almost impossible to compete in South Africa and against South African suppliers in neighbouring markets because of the slump in the rand.

The effects on the region will be more severe as and when Pretoria finds it necessary to adopt siege economy tactics in order to protect its balance of payments and maintain output and employment at home. Tha 10 per cent surcharga on imports announced last month, moves to protect its steel manufacturers and — eventually — increasing protectionism, will further reduce the market shares of frontline states exporting to the republic.

Pretoria's retaliation could have an even more drastic effect on the region. Already President Botha has threatened to repatriate the 350,000 legally-employed "guest" workers — 80 per cent of whom work in the mines — and more than 1m illegal immigrants, either working or job-hunting in South Africa. For every person employed in Lesotho, six Lesotho nationals are employed in South Africa and in 1983 their remittances exceeded 50 per cent of the country's GNP.

Furthermore, Pretoria could bring several frontline economies to their knees by closing its borders and denying them access to the South African railways and ports. All of Lesotho's exports use the South African Transport Services (Sats). In Zimbabwe's case transport dependence exceeds 90 per cent, for Swaziland it is 70 per cent, Malawi 60 per cent and Zambia 40 per cent.

The transport sanction is Pretoria's trump card. The only viable alternative for Malawi, Zimbabwe and Botswana is greater use of the three Mozambique ports of Necala, Beira and Maputo. All are working well below capacity, partly reflecting port inefficiencies, but also because there are no reliable rail links to and from the interior. The line to Maputo from Zimbabwe has been closed for 15 months as a result of guerrilla activity by the Mozambican National Resistance (MNR), while traffic on the Beira line is also restricted by MNR's insurgency and by track deterioration.

Dependence goes further than the rail links themselves. In July 35 Sats locomotives were on hire to neighbouring territories and on any day in 1982 some 5,900 South African rail wagons were being used by the frontline states.

Indeed, in just about every sphere of economic activity—electricity supply, bank credit tourism, air transport, essential imports especially petrol, but also food grains, fertiliser, and heavy capital equipment—there is a high degree of South African participation or even control. Scope for "de-linking," including former President Nyerere's bizarre suggestion of an airlift, is limited.

If it were possible to envisage a short, sharp economic blitz to force political change on Pretoria—Harold Wilson's weeks rather than months—then the damage suffered by the frontline states might be contained to manageable levels. But a prolonged campaign lasting more than five years could have disastrous effects on several countries already classified as among the world's less developed economies—especially if Pretoria were to retaliate vigorously.

Because of the different interests of the Commonwealth members, the final outcome of the Heads of Government meeting is bound to be a compromise; a ringing condemnation of apartheid, coupled with agreement on measures which will necessarily fall well short of the comprehensive sanctions advocated by some of the hardline states.

Yet the exercise will have proved worthwhile if it enables Commonwealth heads better to understand the effect of sanctions against South Africa upon neighbouring black states.

Sir Sonny Ramphal, Commonwealth secretary-general

Lombard

Sacred cows and the Gatt

By Andrew Gowers

SOMETHING distinctly nasty is lurking in the filing cabinets of the European Commission's farm policy directorate. Sheltered from the light of day behind the pious declarations of devotion to the General Agreement on Tariffs and Trade sits an astonishing statement from no less a person than M Claude Villain, the Commission's recently-departed chief agricultural bureaucrat.

"If one takes a hard look at the situation," he writes in a valedictory letter to bis successor and fellow-Frenchman, M Guy Legras, "one has to say Gatt is already dead and bilateralism is king. The Americans show as much concern about Gatt as about their first blue jeans."

Mr Villain's remarks, written some months ago but leaked recently to a French specialist publication, reflect worries freqnently expressed in the EEC, and especially in France, about the U.S. government's current aggressive stance on agricultural trade.

French concern at the prospect of being forced to negotiate over key aspects of the Common Agricultural Policy was the main reason why the European Community initially appeared reluctant to start a new Gatt round next year.

But M Villain, now head of a sizeable French meat company, goes much further in publicly justifying EEC foot-dragging. In effect, be writes, the Americans are after the complete abolition of agricultural export subsidies in the next Gatt round. If progress is not made in other parts of the negotiations—on services, for example—they may seek to force a deal on agriculture alone.

"Under these . . . conditions," the letter goes on, "the EEC should reply with a 'no.'" What the Community should do instead is to stall, on the basis that time will in any case bring a change in the White House. "I would recommend that EEC negotiatiors let them (the Americans) know as fast as possible that Europe will never accept a separate and early deal on agriculture."

If the U.S. threatens to pull out of the Gatt as a result, says M Villain, so be it. All America's trade relations with the Community and Japan—on steel, agriculture, cars and TV's, for example — are conducted on a bilateral basis already. The host of preferential trade deals struck by the U.S. and the EEC with other partners further demonstrates that the Gatt "if not totally dead, is moribund."

Conclusion: "I believe that in the case of a U.S. blackmail threat to quit tha Gatt we should accept this challenge, and quit the Gatt also. Maintaining Gatt in its present form and our staying in it are not worth an EEC capitulation through the sacrifice of its agriculture."

That is a pretty dismal note on which to start a negotiation aimed partly at opening np agricultural trade. But it shows bow deeply entrenched the siren voices of protectionism are in Europe, not just in the U.S. Congress.

The worrying thing is that M Villain's argument that bilateralism is on the increase in agricultural trade, as in just about everything else, cannot really be faulted. In cereals, the U.S. is trying—in vain, it seems—to boost export sales to specified countries by offering new subsidies under its export bonus programme. The EEC's response has been merely to offer larger subsidies itself to the same countries. Algeria and Egypt, the targets of two such American initiatives, must be laughing.

The big losers, though—apart from the European and American taxpayers who have to fund this collective folly—are the less politically powerful agricultural exporters like Australia and New Zealand.

As the Australian Bureau of Agricultural Economics pointed out in a recent study of the CAP, bilateralism is all very well, but it penalises those without market power. What is more, as the sorry saga of the sugar market demonstrates, the more that countries resort to bi-lateral arrangement, the smaller and more volatile the world market becomes.

Is that really what M Villain wants to encourage, in order to preserve the sacred cows of European agriculture?

Letters to the Editor

Money supply figures

From Mr J. Hassid

Sir,—The recent money supply figures were met with some incredulity as £M3 rose again, to a growth rate of 14.5 per cent. With regard to recent econometric analysis, bowever, such amazement is unfounded.

In 1979, £M3 was chosen as the primary monetary aggregate by the Government. Although its definition remains the same (notes and coins in circulation, UK private and public sight and time deposits) its composition has changed somewhat. This is primarily due to the introduction of interest bearing sight deposits by various financial institutions.

Econometric analysis shows that the rate of interest, as measured by either the 90-day Treasury bill rate or the dividend yield on securities does not have e significant direct effect on money demand. Any interest rate effect comes indirectly through an implicit rate of interest contained within private and public-sector sight and time deposits. This effect is positive, which therefore accounts for the "perverse tendency" to which Mr Wilkinson referred on October 9.

The factors that do affect money demand include personal wealth and financial deregulation. If one includes a personal wealth function one finds that it has a very large positive effect on money demand. This is not surprising when one considers the increasing volume of retail sales (np 6.8 per cent pa to August). Financial deregulation also affects, in a positive way, money demand. In 1971 the competition and credit control proposals effectively allowed the clearing banks to abandon their cartel arrangement for setting interest rates. This act in itself helped increase money supply. More recent increases in competition within the financial services sector have also had a positive impact on money supply.

Thus when considering the money supply figures, ona should not lay great store by the £M3 figures, but concentrate on MO and other narrower aggregates. If one then compares the inflation rate and the MO monetary aggregate, the correlation between the two is more acute. This then partly explains the relatively low levels of current inflation, and the decline in importance of £M3 as an inflationary indicator.

J. Hassid.
John Siddall & Son,
The Stock Exchange,
4, Norfolk Street, Monchester.

Profitable spires

From Mr H. Mulholland

Sir,—Re the article "Profitable spires" (Weekend FT, October 12), the "poor" Bodleian Library of Oxford is subsidised by every publishing company, however small. By the copyright Act 1911, section 15: it receives a free copy of every book published in the United Kingdom. In total this subsidy amounts to several hundreds of thousands of pounds a year.

Of the other five recipients of a similar bounty three, in Cambridge, Dublin and Edinburgh, are also part of wealthy universities.

H. Mulholland.
The Croft, School Avenue,
Little Neston, South Wirral.

Russians facing the Press

From the Editor in Chief, International Management

Sir,—It is not true, as reported by David Housego (Oct 5) that Mikhail Gorbachev's Paris Press conference was the first by a Soviet leader since Khrushchev. In 1968, Premier Alexel Kosygin tried it in Stockholm, with disastrous results. I wes than a correspondent for Associated Press, and I asked him whether the Soviet Union was prepared to allow Czechoslovakia to develop its personal freedoms without military or other interference from Moscow. The question so rattled Kosygin that for the rest of the Press conference each time he intended to say "Sweden" he accidentally said "Czechoslovakia." It was like a preview of bistory, in fact, when at one point he said "I am happy to be here in Czechoslovakia." Two months after the Press conference, the Russians invaded Czechoslovakia.

Perhaps it was because of such gaffes that Soviet leadars have so rarely dared to face the Western Press.

Michael Johnson,
McGraw-Hill House,
Shoppenhangers Road,
Maidenhead, Berkshire.

Unprofitable offence

From the Director, Department of Transport, Driver and Vehicle Licensing Centre

Sir,—Car tax dodging is not a profitable offence, as Mr Kreamer suggests (October 8). The penalties for evasion relate in part to the period over which the vehicle in question was unlicensed. The average period of unlicensed use in VED offence cases in 1984 was four months. The average penalty at £63 was 25 per cent higher than the cost of a six monthly licence.

But wa want VED evasion to be even less worthwhile. As your correspondent recognises the courts bave a major part to play here, by imposing fines which bear a closer relation to the prescribed penalty of five times the annual rate of duty le currently £500 (for a private car), plus all outstanding duty. Mr Kreamer, however, need have no doubts about tha energy and application of those in this department and in the police responsible for vehicle excise duty enforcement. Apart from the record number of intensive campaigns this month, revenue recovered is 8 per cent up this year on last, and staff productivity has increased by over 50 per cent since 1982.

G. R. Wattley,
Longview Road,
Swansea.

Dodging the car tax

From the chairman, Trade Union Side, Driver and Vehicle Licensing Centre

Sir,—The strictures by some of your recent correspondents on vehicle excise duty presumes that its enforcement is out of control. This is simply not the case. Last year's national survey by the Department of Transport revealed that evasion has been cut from an estimated 7-9 per cent in 1979-80 to 4 per cent. £90m is still a lot to lose and more can and should be done to collect it but the case for abolition has not been established.

The possibility of switching to a tax on petrol was considered by Norman Fowler when he was Minister of Transport in 1979 and rejected. The Government was concerned that abolition would place too big a share of the burden of motoring taxation on high mileage rural motorists and essential business users. At 1979 prices over £100m a year could have been added to business costs resulting in higher prices in the shops and increased inflation.

Today the costs would be even higher. An increase in the price of petrol of at least 38 pence a gallon would be necessary and the spiral of inflation would be refuelled "at a stroke." Is this the sort of "short sharp shock" treatment that Government wants to give to its supporters in the Shires?

The motor and oil industries are against any suggestion that road tax should be scrapped in favour of a substantial rise in petrol prices. The Automobile Association representing over 5m members, the Royal Automobile Club with over 3m members and the Motor Agents Association which represents 14,000 garage owners are firmly against abolition of VED.

The improvements made in tightening enforcement during tha last few years has been spectacular. The number of prosecutions and out of court settlements rose by 13.5 per cent in 1984 compared with 1983 which was itself a record year and the revenue in back duty, fines, costs, etc., at £18.25m was 24.5 per cent higher than in 1983 and 90 per cent greater than in 1982. I'm sure that the figures for 1985 will be even better!

Clive G. Williams.
Longview Road, Swansea.

Straw into board

From the Director & Chief Executive, Furniture Industry Research Association.

Sir,—Your article on straw utilisation (October 11) interestingly provoked a comment or two here. For we have been looking at the problem, but from a viewpoint only touched on by your correspondent. In other words, instead of using straw from the fields as a fuel, why not incorporate it within the manufacture of boards as a reinforcing material, and use the result as a furniture or construction material? The technical drawbacks mentioned could be overcome.

FIRA checks just about every meterial for furniture and evaluates each for performance and durability in use. So a year or so ago we started to look at machines that could be suitable for the onsite manufacture of boards and panels from straw in farming areas. Our feeling now is that these could provide an answer in the near future, especially since transport costs from farms to large board mills would be prohibitive.

We have in fact already evaluated strawboards made from quite small prototype equipment as potential furniture meterials. Although some problems certainly need to be overcome, the results obtained from tests we normally apply to wood chipboard have been sufficiently promising to justify further development. This we plan to do.

Donald Heughan.
Maxwell Road,
Stevenage, Herts.

FINANCIAL TIMES

Tuesday October 15 1985

Paul Betts reports on a plan to boost productivity by France's biggest industrial concern

Peugeot on road to labour flexibility

LABOUR FLEXIBILITY, a concept actively promoted by the French Government in an attempt to increase industry's competitiveness, is about to be introduced by Peugeot, the country's biggest industrial concern. Its action could provide a lead for the development of more flexible labour rules elsewhere in the French private sector.

A Bill to encourage the idea is expected from the Government in the coming weeks. So far, however, the unions and the employers' federation have failed to agree ground rules for easing labour regulations which are at present extremely rigid.

Peugeot's intentions were revealed last week at the launch here of the company's 309 medium-sized saloon. The company returned to profit this year after accumulating losses of FFr 9bn ($1.11bn) over the past four years. Its plans for labour flexibility at its manufacturing plants in France are intended to help consolidate this position by improving productivity.

M Jacques Calvet, the company chairman, said his target was to see the Peugeot group, with sales this year of about FFr 100bn, earn FFr 6bn-FFr 7bn a year in the next two to three years.

RENAULT factories throughout France could be closed from tomorrow or Thursday as a result of the dispute at the Le Mans factory, the company indicated yesterday.

The Le Mans plant, which has been occupied by workers belonging to the pro-communist CGT union, manufactures the front and rear axles for all Renault vehicles. A shortage of these could bring other plants to a halt later in the week.

At Le Mans, strikers and those seeking a return to work held rival meetings yesterday. There is still no clear sign whether the CGT will be able to extend the strike, which also covers the Billancourt factory in the Paris region, to other plants.

The group's Automobile Peugeot division is expected to be profitable again this year although the Citroën division will still be in the red. It is expected to break even next year.

M Calvet favours paying workers on an annual system of hours rather than on a weekly basis as at present. Thus, instead of workers being paid on the basis of the current 38½ hour working week, they would be paid on a fixed number of hours for the year, giving the company the flexibility to make the best use of workers' time.

Three Peugeot car plants have already accepted more flexible working time. M Calvet said about 200 workers in the group had also agreed to work voluntary weekend shifts – known as VSD for "vendredi, samedi, dimanche" or SDL for "samedi, dimanche, lundi" – to ensure maintenance of automated assembly lines.

Peugeot officials say, however, that labour flexibility remains extremely limited in the group as a whole.

M Calvet acknowledged that a significant change of attitudes had taken place in the past few years among French workers in their acceptance of the need for restructuring and improved productivity. The Peugeot group this year has continued to reduce its workforce by as many as 10,000 people out of a total of 180,000 without any serious disputes.

This change in attitude among French car workers is also eloquently demonstrated by the failure of the communist-led CGT union to provoke a serious national conflict at the state-owned Renault car group.

M Calvet said the one major remaining difficulty in Peugeot's labour relations was to persuade workers to accept the idea of mobility. For example, the company has been trying for the past nine months to persuade 435 workers at a components plant at La Rochelle to move to jobs in other group plants to preserve about 1,000 jobs at the factory.

Peugeot's return to profit this year reflects the commercial success of the Peugeot 205 supermini and the completion of a widespread restructuring of group operations.

M Calvet said the only factor which might cloud Peugeot's performance in the remaining part of this year was its Nigeria sales. The company has sold well below its usual number of car kits to Nigeria this year. It has supplied only about 25,000 and is negotiating the sale of 20,000 more.

The group is also involved in delicate negotiations with the Spanish Government from which it is seeking support in its long drawn-out efforts to restructure its sizeable car manufacturing operation in Spain.

Its attempts to increase its share of the U.S. market for so-called European luxury imports have also been disappointing. The company markets a version of its Peugeot 505 saloon in the U.S. It sold only 15,000 cars in 1983, about 20,000 last year and expects to sell between 15,000 and 20,000 this year.

M Jean Boillot, president of the Automobile Peugeot division, said he hoped sales would eventually increase after Peugeot introduced a second model for the U.S. and strengthened its marketing network there. The target was eventually to sell between 40,000 and 50,000 cars a year in the U.S.

The 309 model will go on sale in France next week in competition with the Ford Escort, Fiat Ritmo, the Volkswagen Golf, Opel Kadet and Renault 11. Production starts at the UK plant at Ryton this month with a launch in Britain next February.

By May, Peugeot plans to be producing 309s at a rate of 1,000 a day at Poissy in France and 180-200 at Ryton. It is seeking to secure about 7 per cent of the French market over a 12-month period with the new car.

THE LEX COLUMN

Washing machines on wheels

It is not everywhere that shareholders suffer a dilution in their equity holding of a third without a murmur; but then the banks that rescued AEG were not exactly willing shareholders in the company. Now that Daimler-Benz has picked up just under 25 per cent of the enlarged capital through the issue of new shares, it need pick up only the bank holdings to be in a position to consolidate AEG in its books – a typically German solution.

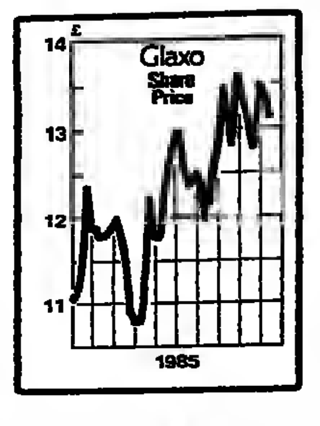
But having been cut out of the action so far, ordinary shareholders can now tender their AEG holdings at DM 170 per share – which while well short of the price hid in yesterday morning's grey market, contains a decent premium to AEG's price of under DM 150 before word started leaking into the market.

How much Daimler will want to own is not yet clear; but a group with some DM 9bn in liquid balances in its last balance-sheet would have few qualms about paying DM 2bn for the lot – the cartel office permitting.

Daimler has been signalling for some time that it has given up hope of growth in the European commercial vehicle market, and these signals became an explicit commitment to defence-related technology with the purchases in MTU and Dornier. Yet however attractive the 15 per cent or so of AEG's sales in these areas, it is bard to imagine Daimler sticking with white goods or manual typewriters – or not making some attempt to tap AEG's tax losses through some restructuring of divisions.

Not surprisingly, it is the banks (and notably Dresdner) that have most to gain from the sale of an asset standing at a mere DM 27 a share in their books.

A solution for the problem child of German industry is one more fillip to the banking sector, expected to show record results for the year – and indicates Midland's good timing in the flotation of Trinkaus.



Fleet/United

The loyalty of institutional shareholders to their loftier principles can always be bought for a price; in the case of Fleet Holdings it turned out to be 375p cash. Yesterday's scramble to accept the revised United Newspapers terms put the future ownership of Fleet beyond doubt and left the target company with no choice but to surrender, which it duly did after the market had closed.

Throughout this extended takeover it has looked likely that United would secure control if only it printed enough paper. Yesterday's underpinning of the new cash alternative proved that judgment to be correct.

It may be that United shareholders will come to applaud their management's initiative but, to judge from the initial market reaction, the reverse is more probable. While Fleet shares rose 15p to 376p, reflecting the increased cash offer, United equity dropped 12p to 290p and left the share terms trailing well behind the cash.

For many institutions which have holdings in both companies this will be a satisfactory outcome. They will receive a very full value for any Fleet shares they may own and, if they are participating in the sub-underwriting of the cash alternative, they will be allotted new United equity at 275p per share, still well below last night's price.

Yet there is not much evidence that the change of ownership will serve any great commercial or managerial purpose. Fleet is a well-run company with a first-class record and, until yesterday, a bright future as an independent organisation. If ever there has been a test of institutional determination to support incumbent management and take a long-term view, it has been Fleet Holdings.

Fleet's shareholders have not only failed the test but omitted even to address it. Unless United shows itself a better manager of newspaper and magazine titles than Fleet, they will have done no more than trade paper or, to the extent they take cash, crystalise unnecessary capital gains liability. The upshot will be that an already underpopulated area of the stock market will be thinner still.

The most likely losers from the whole transaction are the small shareholders of United. While the Fleet acquisition will improve the tangible asset backing of United equity, earnings look certain to suffer dilution. United may of course try to correct that problem by selling Fleet's low yielding Reuters investment and reinvesting the proceeds, but that would be a largely cosmetic solution. The one development which could fully justify the price paid for Fleet – new working practices on Fleet Street – is in the hands of a competitor, Mr Eddie Shah.

Glaxo

Life must be hard for a Glaxo director: produce 1984-85 pre-tax profits of £403m, up 57 per cent, and the market registers disappointment. Shareholders were not exactly heartbroken – the shares fell only £¼ to £13⅛ – but the reaction shows just what miracle treatments a superdrug company like Glaxo is expected to perform.

Most of the growth has come from Zantac, the anti-ulcer drug, which is now probably the second-best selling drug in the world and looks set to oust its rival, Tagamet, from the number one spot within e few years. In all the major anti-ulcer markets where Zantac has been available for over two years, it has a dominant share. In Japan it has captured nearly 30 per cent in just seven months, and in the U.S., the share is now 42 per cent.

The rest of Glaxo's businesses grew at around 15 per cent – typical of the sector – but it is clear that Zantac cannot keep up this frenetic pace of growth for much longer, even without new competition from Yamanouchi's Gaster.

In fact, Glaxo is now so large that if it discovered the world's best-selling drug every five years it still could not grow at today's rates. And even with its bulging cash balances there must be a limit to the amount of R & D money can buy. But if the company makes around £500m this year and £600m the next, it will still be growing substantially faster than its competitors. Which is what its rating seems to suggest; at 13 or 14 times this year's earnings, the shares are at a two-point premium to the rest of the sector, enough to discount above-average growth for the next couple of years but no great miracles thereafter.

Rey files $20m suit on failed U.S. bank

By John Wicks in Zurich

MR WERNER K. Rey, the Swiss financier, has filed a suit worth over $20m against Beverly Hills Savings & Loan Association, a Californian bank declared insolvent in April.

At the same time, Beverly Hills is reported to be suing Mr Rey for $15m and alleging "fraud and racketeering."

The lawsuits both concern debentures of the bank subscribed by Mr Rey in late 1983. He had intended to convert the $20m worth of debentures into 833,333 Beverly Hills shares, thus raising his stake from 9.8 per cent to some 26 per cent.

Although the board was in favour of this transaction, Mr Rey announced in January 1984 that he would withdraw a corresponding "change of control" application and not go ahead with the conversion.

This followed a move by a dissident shareholder to take over control of Beverly Hills with an unfriendly bid, a development which threatened to hold up state and federal approval of the transaction for several months.

This April, Mr Rey sold back debentures worth a nominal $10m to Beverly Hills against a number of the bank's real-estate assets. Beverly Hills, which had forecast a $984 loss of $100m, was shortly afterwards seized by the Federal Savings and Loan Insurance Corporation and reconstituted as a federally chartered mutual association.

The Beverly Hills suit, of which Mr Rey says he has received no official notification, is understood to claim that the debentures it bought back were "substantially worthless." It is seeking a court order to prevent Mr Rey from disposing of any property acquired in the April sell-back.

Mr Rey, who points out that the debentures were issued by Beverly Hills itself and that the U.S. authorities were fully informed of the transaction, contends that the Californian suit is a "tactical manoeuvre."

His suit against Beverly Hills is based on the fact that the company bas refused to buy back the remaining debentures in his possession. He is also claiming damages.

Mr Rey, who expanded his financial interests earlier this year by acquiring the Swiss-based Phibro-bank from the U.S. group Phibro-Salomon, retains 9.8 per cent of the Beverly Hills capital.

Norwegian coalition proposes an expansionist, deficit budget

BY FAY GJESTER IN OSLO

NORWAY'S Conservative-led minority coalition Government yesterday proposed an expansionist, deficit budget for 1986, providing for small personal and corporate income tax concessions, increased indirect taxes and significantly higher expenditure – particularly on health and social services.

Opposition criticism of underspending in these two sectors is believed to have contributed to the setbacks suffered by all three coalition parties in last month's parliamentary elections. Yesterday the opposition claimed that the proposed increases were inadequate.

Together the opposition parties could force budget amendments through the Storting (parliament) which would push spending even higher, further strengthening inflationary pressures.

The budget foresees expenditure rising by 12.6 per cent to NKr 222.3bn ($28.2bn), while revenues will grow by only 2.1 per cent to NKr 221.3bn. This will leave a deficit before loan transactions of NKr 948m, compared with a forecast surplus of almost NKr 19.3bn this year.

While revenue from the important offshore petroleum sector will continue to account for a large slice of total income, its contribution will be sharply down to an estimated NKr 35.8bn from NKr 46.1bn in 1985.

This is because the weaker U.S. dollar and lower petroleum prices are expected to reduce the krone value of Norwegian oil and gas output. In volume terms, 1986 production is expected to be about unchanged at 63.3m tonnes of oil equivalent (toe), compared with 63.2m toe this year.

The proposed modest concessions on personal wealth and income tax – with a nominal value of just over NKr 3bn – aim at encouraging moderation in 1986 wage claims, while those on corporate income tax (worth NKr 160m) are designed to ease restructuring and help finance investment by business and industry. The latter is expected to continue high next year.

Because of the direct tax concessions revenue from income and wealth tax will rise by less than 1 per cent to NKr 10.8bn. But indirect taxes apart from value-added tax will increase by an average of 7 per cent to yield NKr 25bn, while VAT will boost the total indirect tax take to NKr 76.4bn – 7.7 per cent up on this year.

These increases are higher than the forecast rate of inflation – 5.5 per cent to 6 per cent – and the budget as a whole marks a shift towards more indirect taxation.

Health and social security contributions – another large item of the income side – will rise 9.9 per cent to NKr 57.6bn.

Indirect tax increases will affect a wide range of goods, including leaded petrol (the tax on unleaded will be cut), soft drinks, sweets, wine, beer, spirits and tobacco, motoring, pleasure-boat engines package holidays, electricity and fuel oil.

Subsidy cuts will raise the retail price of meat and milk products. Charges will go up for some public services, including transport, postal services and electricity from state-owned plants.

The Government hopes partly to offset the inflationary effect of a deficit budget by slowing the present rapid growth in the domestic money and credit supply. Just how it intends to do this is not explained in detail, but the Finance Ministry notes that "tough use of credit policy measures" may be necessary, as well as "flexible interest rate policies."

Polaroid granted patent injunction

By Paul Taylor in New York

POLAROID, the U.S. photography group, has won a second round in its closely-watched nine-year-old patent infringement suit against Eastman Kodak, the world's largest photographics products group.

Polaroid, based in Cambridge, Massachusetts, said a federal district judge in Boston granted it a permanent injunction against Eastman Kodak, barring Kodak from selling instant cameras and film after January 9 next year.

The permanent injunction, which is likely to be fiercely contested, follows a ruling last month by Judge Rya Zobel that Kodak had infringed seven of 10 Polaroid patents for instant cameras and film. Polaroid said the judge has not yet determined what damages, if any, to award Polaroid. The suit was originally filed in 1976, just a few days after Kodak introduced its first instant camera.

Kodak said it planned to appeal against the ruling and the injunction and would not change the operation of its instant photography business pending the outcome of its appeals.

The progress of the legal action is being closely watched by Wall Street, aware that an ultimate victory for Polaroid could result in a windfall settlement. Polaroid has about 75 per cent of the market for instant cameras and films and Kodak has most of the remainder. An injunction, if finally imposed, could have a dramatic impact on Polaroid, because instant photography equipment accounts for about 90 per cent of its business.

The precise impact of any ultimate injunction remains doubtful. Polaroid believes such an injunction would cover all Kodak's existing instant picture cameras and films. Kodak says it is still considering tha effect of such an injunction on its operations, because these now differ from those on the market when the suit was launched.

Iata plans cheaper air fares

Continued from Page 1

The plan would be tested by the airlines over a four-year experimental period.

The scheme would save airlines from baving to refer continually to their governments for permission to raise or lower fares.

Adoption of the scheme in Western Europe could be difficult, however, because of the strong opposition by some airlines and governments towards liberalisation

The UK Government, which is pursuing its own path towards more liberal air transport – as demonstrated by recent agreements on cheaper fares with the Netherlands, West Germany, Luxembourg and Belgium – has yet to study the scheme.

It is expected to conclude that the Iata scheme does not go far enough and that its own efforts to win cheaper fares through new bilateral air agreements is a better approach.

Nevertheless, whenever the UK could not win the kind of bilateral pacts it wants, it would probahly accept (although reluctantly) the Iata scheme

Britain calls off talks with PLO leaders

Continued from Page 1

Mrs Thatcher had told him of the statement the PLO leaders would be asked to endorse. "I asked them why bother waiting until they reached London," he was quoted as saying to a visiting delegation.

At the two Palestinians' request, a meeting planned for Thursday with M Jacques Poos, current president of the EEC Council of Ministers, was cancelled.

In New York moves to invite Mr Arafat to the UN general assembly for its 40th anniversary celebrations were called off by the group of six non-aligned nations sponsoring his attendance.

Dr David Owen, leader of the British Social Democratic Party, said yesterday that Mrs Thatcher's initiative had ended in "humiliation and embarrassment." The invitation announced in September at the end of her visit to Jordan was based on "hype and public relations," he charged.

Sir Geoffrey Howe said: "We were very disappointed and surprised because we had received the clearest possible assurances thet there was going to be a willingness to make the statement."

Putting a brave face on the affair he insisted that the exercise had been "worthwhile" and refused to acknowledge it as a "setback."

The Foreign Office strenuously denied that any amendments had been made to the text of the statement agreed with the Jordanian Government which in turn, it said, had given assurance of endorsement by the two PLO leaders generally regarded as "moderates" within the movement.

Earlier the PLO's London office had alleged by way of explanation that new phrases had been inserted and that "the alterations amount to a change in the spirit of the statement which was to have been made, and as such are unacceptable."

Later, however, a spokesman for the office said that the statement did not represent the view of the two delegates "nor the PLO centrally." The executive committee would issue one officially soon, he said.

Tony Walker in Cairo adds: President Mubarak of Egypt, reflecting continuing anger here over the forcing down last week of an Egyptair aircraft by U.S. military aircraft, is demanding a public apology.

Sinclair C5 company owes £7.5m

Continued from Page 1

goodwill, patent rights and plant and equipment." Every effort would be made to reconstitute the operation as going concern, "but at the moment we don't know which way it's likely to go."

Considerable export potential still appeared to exist including Africa and the U.S. where initial sales had already been made.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	—	—	Dubrovnik	S	18	91	Malaga	-	—	—	Salzburg	R	8	48
Akrotiri	S	25	77	Faro	S	25	77	Malta	-	—	—	Seoul	S	19	66
Algiers	F	25	77	Florence	-	—	—	Manila	S	34	93	Singapore	F	30	86
Amsterdam	F	16	61	Frankfurt	S	14	57	Miami	S	30	86	Stockholm	F	11	52
Athens	R	14	57	Funchal	F	24	75	Milan	—	—	—	Strasbourg	-	—	—
Bahrain	S	33	91	Geneva	S	15	59	Moscow	C	9	48	Sydney	C	18	64
Bangkok	R	28	82	Gibraltar	S	22	72	Munich	S	8	46	Taipei	S	31	88
Barcelona	—	—	—	Guernsey	S	18	61	Nairobi	—	—	—	Tangier	-	—	—
Beirut	S	24	75	Helsinki	S	7	45	Naples	-	—	—	Tehran	-	—	—
Belgrade	S	12	54	H. Kong	F	29	84	New Delhi	C	29	84	Tel Aviv	S	25	77
Berlin	C	13	55	Innsbruck	C	9	48	New York	R	19	66	Tenerife	-	—	—
Biarritz	—	—	—	Inverness	C	16	61	Nice	-	—	—	Tokyo	S	16	61
Blackpool	C	14	57	Istanbul	F	17	63	Oporto	S	29	84	Toronto	R	17	63
Bordeaux	-	—	—	Jersey	S	17	63	Oslo	F	17	63	Tunis	F	26	79
Brussels	-	—	—	Jo'burg	F	23	73	Paris	S	17	63	Valencia	-	—	—
Budapest	F	12	54	Las Palmas	-	—	—	Prague	R	8	46	Venice	-	—	—
B. Aires	S	26	79	Lima	C	19	66	Reykjavik	F	13	55	Vienna	C	8	48
Cairo	S	25	77	Lisbon	S	26	79	Rio de J'o	S	25	77	Warsaw	C	8	46
Cape Town	F	22	72	Locarno	S	17	63	Rome	S	28	82	Zurich	S	13	55
Caracas	C	29	84	London	S	16	61								
Casablanca	-	—	—	Los Angeles	S	29	79								
Copenhagen	C	13	55	Luxembourg	S	13	55								
Corfu	F	21	70	Madrid	S	28	82								
Dublin	C	15	59	Majorca	-	—	—								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

EEC call on Gulf imports

A NEW DEAL must be urgently negotiated governing EEC imports of petrochemical products from Gulf oil producers, M Claude Cheysson, the European Commissioner responsible for relations with the Middle East, said yesterday, writes **Quentin Peel in Brussels.**

The present arrangement under the Generalised System of Preferences (GSP), granting very limited duty-free access for such products as methanol and ethylene derivatives, was "no longer adapted to the situation in the Gulf countries," he said.

M Cheysson was speaking at the end of the first ministerial-level talks between the EEC and the six-nation Gulf Co-operation Council (GCC), held in Luxembourg.

The meeting concluded that an urgent start should be made to formal negotiations leading to e co-operation agreement.

Both sides agreed that a solution to the present trade problems concerning petrochemicals, over which Saudi Arabia bas indirectly threatened to impose retaliatory tariffs on EEC exports, should be part of the overall negotiations, and not a pre-condition to an agreement.

Both methanol and polyethylene from Saudi Arabia's new petrochemical plants now face duties in the EEC, because they have exceeded their GSP duty-free ceilings more than 16 times.

Daimler buys AEG stake

Continued from Page 1

companies appear sure this will be forthcoming quickly. It is argued that the activities of Daimler and AEG complement one another in several key sectors, but that the two companies together hold a dominant market position in none.

Daimler-Benz said that it planned neither managerial nor structural changes at AEG. Herr Dürr underlined that he planned to stay on as chief executive.

FINANCIAL TIMES
Tuesday October 15 1985

Chase Manhattan soars 61% in third quarter

BY PAUL TAYLOR IN NEW YORK

CHASE Manhattan, the third largest U.S. banking group, yesterday reported a sparkling 61 per cent increase in third-quarter net earnings, buoyed by higher net interest and fee income.

The New York-based group said third-quarter net earnings had increased to a record $149m, or $3.48 a share, from $93m, or $1.70, a year earlier.

The latest results, which help confirm the third quarter as a bumper one for the big U.S. banking groups, lifted nine-month net earnings to $414m, or $9.29 a share, compared with $286m, or $6.44, in the 1984 period. Chase Manhattan noted that the latest nine-month net earnings were $8m more than full-year 1984 results.

Chase Manhattan's provision for possible loan losses was $110m in the quarter compared with $125m in the year-ago period when provisions were swollan by $50m by the proceeds of a legal settlement with Drysdale Government Securities. Chase said its provision for the first nine months of 1985 was $310m compared with $275m a year earlier.

Net loan charge-offs in the latest quarter increased to $73m from $69m in the second quarter and $51m in the year-ago period. The resulting reserve for possible loan losses at the end of September stood at $872m or 1.42 per cent of total loans outstanding compared with 1.23 per cent at year end and 1.17 per cent at the end of the 1984 third quarter.

Non-accrual and reduced rate loans totalled $2.4bn, or 3.9 per cent of total loans, at the end of September against $2.1bn, or 3.39 per cent of total loans, a year earlier.

the group said the improvement in third-quarter results reflected higher net interest income and other operating income, including increases in all fee-based income categories, partly offset by an increase in other operating expenses.

Chase added that third-quarter earnings also reflected recent changes in Nex York City and state tax laws affecting the group's leveraged lease financing portfolio, which added about $8m to after-tax net earnings.

Earnings per share in the latest quarter also reflected a lower level of preferred stock dividend requirements, partly offset by an increased number of common shares outstanding.

Nine-month net earnings also reflect the favourable impact of the 1984 acquisitions of Nederlandse Credit Bank and Lincoln First Bank which added about $22m to 1985 first-half net earnings.

Trinkaus to float 22.8% of equity

By John Davies in Düsseldorf

TRINKAUS & Burkhardt, the West German bank, is launching shares on the stock market in a move which will cut the stake held by Midland Bank of the UK from 92 per cent to just over 70 per cent. Trinkaus is offering investors a stake of 22.8 per cent consisting of part of Midland's holding, plus shares newly created through a small capital increase.

The shares, with a nominal value of DM 50 ($19.2) will be offered at a price of DM 190. The remaining 7 per cent of Trinkaus shares are held by present managing partners and the families of former partners.

The share offer, which Trinkaus arranged with Deutsche Bank, will raise a total of DM 77.9m. Midland will raise DM 58.9 from its package while the remaining DM 19m raised through the capital increase will add to Trinkaus' financial resources.

Herr Herbert Jacobi, spokesman for the bank's managing partners, said yesterday that Midland had for some time intended to dilute its holding to promote Trinkaus's image as a long-established German institution. Trinkaus this month is celebrating its 200th anniversary.

Midland bought into Trinkaus five years ago when it took over a 59 per cent stake held by Citibank of the U.S. It later increased its holding but made clear that some shares were "parked" ready for suitable partners.

Herr Jacobi said that to emphasise its commitment to Trinkaus Midland's 70 per cent stake would not be registered on the stock market, while the remaining capital, all in the form of ordinary shares would be registered for trading in the stock exchanges of Frankfurt, Düsseldorf, Munich and Stuttgart.

He said that the shares, to be offered for sale next Monday, would be entitled to half of Trinkaus's dividend for this year. If present business trends continued, he expected the dividend to be DM 8 a share.

Herr Gerhard Winkel, one of the managing partners, said that the Trinkaus group, including subsidiaries in Luxembourg and Switzerland, showed a 63 per cent increase to DM 53m in partial operating profit in the first nine months of this year.

This reflects earnings from loan and commission business but does not include trading results, which Herr Winkel said were also ahead of last year.

Trinkaus, with group assets of DM 5.8bn at the end of last month, has a core of private customer business for selected individuals. Lately, it has also been building up corporate business in co-operation with the merchant banking operations of Midland.

Trinkaus changed its legal form earlier this year from a partnership to a corporation with general partners as a step towards its stock exchange listing.

BIG THREE IN U.S. SEMICONDUCTORS LAUNCH EFFORTS TO BEAT INDUSTRY DOWNTURN

Silicon Valley gets off the ropes

BY LOUISE KEHOE IN SAN FRANCISCO

SURVIVAL tactics have replaced strategies for success in Silicon Valley's semiconductor industry. The combined effects of the worst industry recession yet and the so-called "Japanese threat" have brought dramatic changes with the loss of thousands of jobs and a halt to expansion.

This month, National Semiconductor, Intel and Advanced Micro Devices, Silicon Valley's three major semiconductor manufacturers, have each reported record losses.

The Silicon Valley trio are leading an industry effort to obtain relief from Japanese "dumping" and are co-operating in an effort to bring the industry's plight to the attention of lawmakers in Washington.

Each of the three, however, has undertakan a very different approach to fending off the Japanese competition and regaining its pre-recession strength. Intel, the technology leader, has turned to manufacturing to create a shield against Japanese competition. National Semiconductor, the "jelly bean" high-volume manufacturer, is focusing oo the latest technology to improve its profitability, and the energetic Advanced Micro Devices is aiming to "out-invent" the Japanese.

National Semiconductor long since recognised the weakness that made it the record loser in the recession.

TRILOGY, the ill-fated supercomputer venture founded by computer design guru Dr Gene Amdahl, expects a loss of $14m for the nine months ending September 29, the company announced. It also said it had completed its merger with Elxsi, a privately held computer manufacturer.

Trilogy said that it anticipated an operating loss of slightly more than $3m for the third quarter with an additional charge of $4m for discontinued operations. The company has cash and equivalent reserves of around $42m.

A high-volume, low-cost manufacturer of the standard memory and logic chips, National was among the first to feel the heat of Japanese competition. Its commodity products are the first to go down in price when demand slumps.

National is trying to balance its commodity business with a host of proprietary designs that carry higher profit margins and are less susceptible to market cycles. The most important is a 32-bit microprocessor, two years ahead of Intel in concept, and that is a victory over the inveotor of the microprocessor, which has led the market ever since.

National claims to be winning three out of every four "design-ins" – systems manufacturers' decisions to build a new product around a chip. At this point, however, the microprocessor is being sold only in small quantities for prototypes and the handful of completed products that include the chip. National will face tougher competition when Intel and others introduce their versions of 32-bit micros soon.

Another big change at National is its entry into the market for custom and semi-custom devices tailored to a customer's oeed. "We are moving in the direction of service and proprietary designs," says Mr Charles E. Sporck, president of National Semiconductor.

Althougb National is now number two in the U.S. application specific integrated circuit (ASIC) market, "clearly we had planned to be further than we are today," he admits.

Sixty per cent of National's products are now proprietary designs, and these are providing most of the company's sales dollars this year. "We have made a start," says Mr Sporck.

The design of proprietary chips is National's primary defeoce against Japanese competition, says Mr Sporck. "The U.S. is very strong in product areas thet are heavily design dependent and will remain so for some time. The trouble is that, even if you do have a better 32-bit microprocessor, it is no good if your customers base has disappeared. That is what is happening when we see electronics manufacturing going off-shore," he sais.

National is none the less not giving up on high-volume production. "We have to maintain in our excellence in manufacturing. There is no way to fight them on the basis of design alone. That way we will get steam-rollered," Mr Sporck says.

Separately, Iotel Corporation seems to have come to the same conclusion. While not planning on giving up its role as the industry's innovator, Intel is determined to become a "world class" manufacturer. The days of the medium-sized broad-based chipmaker are numbered, it says.

To survive, a chipmaker must avoid moderate size products lines and concentrate on low-volume, high-margin niche markets or spew out high-volume commodity parts in super-efficient plants. Intel plans to do both.

The company will focus its design expertise on niche markets and is entering the semi-custom sector for the first time.

The biggest change will be however, in the company's attitude towards manufacturing. Intel will give far more emphasis to manufacturing technology, says Mr Craig R. Barrett, vice-president in charge of upgrading the company's plants.

HK Land pays $48m to settle venture dispute

By David Dodwell in Hong Kong

HONGKONG Land, the Property group, yesterday paid HK$375m ($48m) in cash and property to the Miramar hotel and investment company in an out-of-court settlemeot over a disputed joint-venture developmeot in Kowloon.

Mr David Davies, managing director of Hongkong Land, said the settlement concluded two years of "corporate repair work." If the group had pressed ahead in court and lost, liabilities linked with its 35 per cent stake in the Miramar development venture would have amounted to about HK$657m.

The Miramar development was one of 30 ill-fated joint ventures on Hongkong Land's books at the end of 1982. After write-offs in 1982 of HK$367m, Land admitted yesterday that the project had cost them more than HK$700m in total.

Land'a final decision to buy itself out of the project was because of a conviction that it should stick to "core" developments.

The out-of-court settlement involves payment of HK$244m in cash and the sale of properties valued at HK$131m.

France and Japan in carbon fibre deal

BY PAUL BETTS IN PARIS

ELF AQUITAINE and Pechiney, two leading French state-sector industrial groups, have linked up with Toray of Japan to produce carbon figure at a FFr 200m ($24.7m) plant near Pau in south-west France.

Production is initially due to reach 300 tonnes a year, but the partners plan eventually to double capacity to 600 tonnes a year.

The joint venture reflects the efforts of both Pechiney, an aluminium company, and Elf, the oil and chemicals group, to develop a presence in what they regard as a strategically important new industrial sector.

Carbon fibre is at present used chiefly in the aerospace industry, but the two French companies said yesterday applications were spreading to other industrial sectors.

Toray, the leading producer of carbon fibre for the aerospace industry, has sold a licence to the two French companies and has taken a 35 per cent stake in the venture, to be called Soficar. The two French companies own equal shares in the venture through a jointly held subsidiary, Fimac.

Elf and Pechiney have also undertaken a joint research programme to develop new fibre technologies, and Toray said yesterday that it intended to help Elf and Pechiney to introduce their technologies in Japan to avoid "one-way transfer of technology."

The two French companies said yesterday they expected their carbon fibre venture with Toray to break even in 1987 or 1988. They argued that production of carbon fibre in France was strategic because the French aerospace industry alone accounted at present for as much as 30 per cent of the European market for the material.

The carbon fibres market is increasing at a rate of about 20 per cent a year. World consumption this year is expected to total 3,300 tonnes compared with 800 tonnes in 1980. Production is concentrated in Japan, with 2,900 tonnes a year, the U.S., with 1,600 tonnes, and Europe, with 650 tonnes.

Pechiney, which is anxious to diversify into new products, already depends on the aerospace industry for about 20 per cent of its total sales which amounted to FFr 35bn last year.

Progress in UK/Japan bank talks

BY JUREK MARTIN IN TOKYO

JAPAN AND the UK hope to be able to resolve the long-standing issue of the application by Nomura Securities and other Japanese brokerage houses for deposit-taking licences in London by next spring.

This emerged in Tokyo yesterday in the third round of talks between financial officials from the two countries. The heads of both delegations—Mr Tomomitsu Oba, the vice-Minister of Finance, and Sir Geoffrey Littler, second permanent secretary to the Treasury—described the negotiations as "positive" and "helpful," an apparent contrast to the acrimony and outright disagreement that marked earlier exchanges.

Although no formal announcement was made, it was also confirmed that Kleinwort Benson, the British merchant bank, will shortly receive its Tokyo securities licence. Additionally, the Ministry of Finance (MoF) may approve as many as four more foreign licences by the end of the year or shortly thereafter.

Mr Oba and Sir Geoffrey agreed that the main problem in the Nomura case remained what Sir Geoffrey called the "structure of responsibility" for supervision inside the MoF. Mr Oba more bluntly said: "It is our problem."

The Bank of England requires that a foreign non-bank seeking to take deposits in London be subject to normal banking supervision in its country of origin.

In Japan, different arms of the MoF — its securities and banking bureaux — supervise their respective sectors. The MoF is now proposing that the banking bureau would be called in to monitor reports from the Japanese brokers in London and would work with the securities bureau, the conventional "policeman" of the brokers, where required.

It is still far from clear that this will satisfy the Bank of England's regulatory authorities, although Sir Geoffrey said last night that "we are moving towards a solution of the problem." The two sides meet in London next spring.

Yesterday's talks also centred on two problems of Japanese practice of concern to the UK and other Western nations. These involve the separation in Japan of banking and brokerage functions, and the consequent difficulties of, for example, UK merchant and clearing banks in meeting Japanese legal requirements.

In indicating that it is willing to look favourably on additional foreign applications for securities licences in Tokyo, the MoF seems to be going some way to meeting such objections, though it is still insisting that the brokerage subsidiary of a foreign bank must be less than 50 per cent owned by the parent.

On the MoF's list are concerns like Drexel Burnham Lambert, Hoare Govett (part of the Security Pacific group), County Bank (the National Westminster affiliate) and Deutsche Bank, which may use the vehicle of a Hong Kong affiliate.

Kleinwort Benson's licence is now in the final bureaucratic stages of processing and it is assumed in Tokyo that the company could graduate to its new status within a week or two.

THE JAPANESE Ministry of Finance (MoF) is considering allowing overseas units of Japanese companies to issue Euroyen bonds with the same issuing conditions as those for foreign corporate borrowers, Yoko Shibata reports from Tokyo.

At present, if the proceeds from the bonds are to be kept out of Japan, Japanese issuers have to meet stringent issuing conditions. As a result, the number of eligible issuers of Euroyen convertible bonds is limited to 175 and those for Euroyen straight bonds to 57.

On the other hand, foreign corporations which have acquired the required credit ratings are eligible to float Euroyen bonds.

The MoF is understood to be considering treating Japanese corporations' overseas subsidiaries as foreign companies, enabling them to float Euroyen bonds, even though their parent companies in Japan do not meet the issuing requirements. Those overseas subsidiaries with a double A rating and the most of those with a *single A rating are eligible.*

Japanese banks, however, have urged the MoF not to relax the criteria and to limit the number of eligible issuers of overseas units by applying the same domestic issuing requirements as for unsecured bonds because they fear a further erosion of long-term lending.

New chairman for Sun Hung Kai & Co

BY DAVID DODWELL IN HONG KONG

Mr Tony Fung Wing Chung was yesterday appointed chairman of Sun Hung Kai & Co, the Hong Kong investment and finance group in succession to his recently deceased father, Mr Fung King Hey.

The 34-year-old heir to Fung King Hey will also become chief executive of Sun Hung Kai in March next year. He will succeed Mr William Arthur who in the recent past has represented Merrill Lynch of the U.S. in Sun Hung Kai. Merrill Lynch has a 25.5 per cent holding in the *Hong Kong group* and yesterday insisted that it expected a "continuing close relationship" with Sun Hung Kai.

Sun Hung Kai, which has had serious financial problems over the past two years, has undergone a major restructuring in recent months following the withdrawal of Banque Paribas of France, the disposal of a substantial shareholding in TVB, a local television group, and the disposal of the Sun Hung Kai Bank to Arab Banking corporation for HK$360m (U.S.$46.2m).

Problems are officially blamed on high local interest costs, and a decline in commission income from gold dealing, commodities trading, and overseas securities transactions. During the past year, interest costs have fallen, and securities trading has revived. Combined with the reduction in indebtedness that has followed corporate reconstruction, the company now claims it has overcome its most serious problems.

Mr Tony Fung has worked in Sun Hung Kai for 12 years, recently spending a year attached to *Merrill Lynch* in the U.S. Before his elevation to succeed his *father*, he was vice-chairman of the group, and chairman of its executive committee.

Mr Arthur would not disclose yesterday what post he would take up in Merrill Lynch after leaving Hong Kong next spring. He will remain Sun Hung Kai's vice chairman for the time being, and said yesterday that he hoped to be Mr Tony Fung's "bridge to Merrill Lynch in New York."

Continuing improvement in first quarter for MIM

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MIM HOLDINGS, the big Queensland mining company, has reported first-quarter net profits of A$18.2m (US$12.7m), signalling a continuation of its climb from trouble.

After losing A$32.2m in the first 40 weeks of 1984-85, including a first-quarter loss of A$14m, Mim rallied to trim net losses for the full year to A$18.3m.

The directors said the first-quarter improvement reflected a 23.6 per cent gain in sales to A$321m, and a 0.7 per cent decline in the cost of sales. Depreciation of the Australian dollar helped boost revenue, with average copper prices up on the previous first quarter, though lower than in the final quarter of 1984-85.

All divisions operated at planned output levels, and all were profitable, except the Agnew nickel mine in Western Australia. MIM owns the rich Mt Isa copper-lead-silver-zinc mine in Queensland, and is also a major coal producer.

Dr Ian Story, a leading Sydney energy analyst, says MIM's coal operations will soon become more profitable. "The coal programme got them into trouble in the past, but it will pull them out of trouble in the future if the copper price stays flat."

MIM was sharply criticised recently for paying Mr Robert Holmes à Court, the Perth investor, A$140m for an additional 13.3 per cent stake in Asarco, the troubled U.S. mining concern, which in turn controls MIM. Most observers thought the money would have been far better spent reducing MIM's debt.

Malayan Tin Printing wins control of Van der Horst

BY CHRIS SHERWELL IN SINGAPORE

MALAYAN Tin Printing (MTP), a Singapore company linked to the Pegi group in Malaysia, has won control of Van der Horst, another Singapore corporation, in the first all-share takeover in the island state since 1983.

An announcement said MTP had received acceptances amounting to 19.8m shares in Van der Horst, representing 51.7 per cent of the company. At the time of the original offer, Van der Horst's largest shareholder, Associated Management Services, accepted in respect of its 24.9 per cent stake.

Van der Horst itself rejected MTP's offer as inadequate. Its advisers, Singapore International Merchant Bankers, told shareholders they would suffer a decrease in attributable earnings, net assets and dividends, and pointed out that there was no cash alternative.

MTP, which was advised by Standard Chartered Merchant Bank, said its revised offer, valuing Van der Horst issued capital at S$63.4m (US$29.7m), offered a premium above the share market price and that Van der Horst had not fully exploited its potential. The offer is now unconditional.

INTL. COMPANIES

Gotthard buries the past and looks for new shareholders

BY WILLIAM DULLFORCE IN GENEVA

GOTTHARD Bank (Banca del Gottardo) of Switzerland, having emerged in true phoenix fashion from the ashes of Banco Ambrosiano, has been opening up to new shareholders this year. It has increased its share capital by 10 per cent, placed 65,000 shares on the London market and from this month is quoted on the Geneva and Lausanne stock exchanges as well as in Zurich.

It is also changing its previously very cautious policy on dividend payments to shareholders. Sig Fernando Garzoni, chairman, forecast a 14 per cent increase in net earnings and a rise in the 1985 payout, when he presented the nine-month figures earlier this month.

Sig Francesco Bolgiani, president of the executive board, estimates that roughly 20 per cent of the bank's 880,000 voting and 247,000 non-voting shares are now trading on the market and that the number of shareholders is approaching 4,000.

The largest is Sumitomo Bank, Japan's third biggest commercial bank, which in 1984 paid Banco Ambrosiano Holding of Luxembourg $144m or SwFr 750 ($347) a share for its 42 per cent stake in total shares and 52 per cent majority holding in the voting shares.

GOTTHARD BANK	SwFr
Total Assets (30/9/85)	4.47bn
Shareholders' Equity (30/9/85)	373m
Net Profit (1984)	29m
Cash Flow (1984)	65m
Dividend per share (1984)	14
Fiduciary Deposits (1984)	1.5bn

Sumitomo's intentions are obviously a crucial element in assessing Gotthard's present drive to broaden its shareholder base. The Japanese presence at Gotthard's head office in Lugano is discreet. Sumitomo has one representative on the 11-member board of directors, one out of four on the management board and three vice-presidents among the total of 570 employees.

Apart from gaining a window on the Swiss market and a useful source of fee income, Sumitomo seems to be using Gotthard as a school for learning about the securities business and portfolio management (a field from which as a commercial bank it has been excluded under Japanese regulations) in anticipation of deregulation in Japanese banking legislation.

Gotthard's senior executives, predominantly Italian-speaking Swiss from the canton of Ticino, underline the high degree of independence they retain both in pursuing the bank's established business and in venturing into new projects.

Sig Bolgiani, however, acknowledges that the Sumitomo name opens the doors of more senior executives when he travels abroad these days. The backing of Sumitomo may have secured Gotthard's inclusion in the syndicate managing recent World Bank bond issues, and there is no doubt that Gotthard expects to find its growth abroad.

Measured by assets and shareholders' capital it is the third largest foreign bank in Switzerland (after Trade Development Bank and Paribas). It is also among the more profitable.

Its cash flow equalled 18.8 per cent of shareholders' equity in 1983 compared with a 15.2 per cent average for all Swiss banks, and at over SwFr 50,000 its net earnings per employee were some SwFr 20,000 ahead of the average.

Gotthard differs somewhat from the big Swiss banks in being lighter in lending and heavier in commissions from securities business and in income from foreign exchange and precious metals dealing.

Interest income made up just under 40 per cent of net earnings in 1984, with commissions from securities, loans, trust and fund management accounting for more than 38 per cent and 14 per cent coming from foreign exchange and metals.

Gotthard plays a more prominent role in underwriting Swiss franc bonds and notes than would be expected from the size of its balance sheet. It has been innovative in new issues, sometimes to the irritation of the bigger Swiss banks, and has been regularly managing about a dozen placements a year.

The Japanese connection, which existed before Sumitomo moved in, has been especially important for Gotthard's underwriting business. It is now opening a representative office in Tokyo.

The balance sheet discloses an equity-to-assets ratio of 8.6 per cent, but Lombard Odier, the private bank which sponsored Gotthard's introduction to the Geneva exchange, estimates that shareholders' equity is carried at only 60 per cent of its real value and that unconsolidated holdings are stated at about a third of their actual worth.

The disclosed net profit of SwFr 29m last year understates net earnings, which must be nearer the reported cash flow of SwFr 65m.

The increase in earnings expected this year is attributed to a higher interest margin, good returns from currency trading and a further improvement in commissions. On top of that comes the SwFr 40m repatriated from the reserves of the Bahamas-based Gotthard Bank International to the parent's internal reserves after the decision to limit the Nassau company to non-risk operations.

In effect, Gotthard Bank appears to have emerged virtually unscathed from the Ambrosiano affair. In 1982 it added SwFr 25m to provisions for losses, but, according to Sig Bolgiani, these have not been called on, and in June last year the Ambrosiano creditors signed a paper releasing Gotthard from any claims in connections with Ambrosiano.

Cardo looks to strong recovery after slump

BY KEVIN DONE IN STOCKHOLM

CARDO, the Swedish sugar, seeds and investment company, expects to increase its profits by about 35 per cent this year, marking a strong recovery after a plunge of 25 per cent in earnings for 1984.

The group, which is now 21.5 per cent owned by Volvo, the Swedish automobile, energy and food concern, said that earnings (after financial items) rose to SKr 578m ($73.2m) from SKr 461m in the first eight months of 1984, an increase of 25 per cent. Hilleshög, its seeds subsidiary, has been hit by heavy writedowns, however.

Group operating income rose to SKr 2.24bn from SKr 2.09bn in the first eight months of 1984.

The Sugar Company, Cardo's most important subsidiary, raised its profits after financial items to SKr 278m from SKr 192m a year earlier. It was helped by record production in 1984 and good demand for both sugar and feedstuff products during 1985.

This year's beet harvest is expected to be as usual. The Sugar Company has decided to invest in a full-scale plant for the production of beet fibre, which should begin operation during the autumn of 1986.

Sugar Company profits after financial items should recover to SKr 330m for the whole of 1985, compared with SKr 201m in 1984, according to Cardo's latest forecast.

Hilleshög, Cardo's 83 per cent-owned subsidiary, has had to take a heavy SKr 61m writedown on seed stocks which have been overtaken by more competitive products on several markets. As a result, Hilleshög earnings for all 1985 are expected to be halved to SKr 50m from SKr 99m last year.

Hilleshög earnings in the first eight months plunged to SKr 53m from SKr 143m.

NORTH AMERICAN QUARTERLIES

AMERICAN HOSPITAL SUPPLY
Health care products, distribution

Third quarter	1985 $	1984 $
Revenue	841.5m	849.5m
Net profits	47.3m	56.9m
Net per share	0.54	0.77
Nine months		
Revenue	2.5bn	2.57bn
Net profits	160.6m	175.9m
Net per share	2.06	2.36

BANK OF NEW ENGLAND
Banking

Third quarter	1984-85 $	1983-84 $
Net profits	32.7m	23.8m
Net per share	1.73	1.75
Nine months		
Assets	13.9bn	12.4bn
Net profits	86.6m	64.6m
Net per share	4.73	3.71

BANK OF NEW YORK
20th largest U.S. bank

Third quarter	1985 $	1984 $
Net profits	32.7m	26.9m
Net per share	1.58	1.27
Nine month		
Net profits	96.7m	79.1m
Net per share	4.76	4.73

BURLINGTON NORTHERN
Railroad

Third quarter	1985 $	1984 $
Revenue	2.13bn	2.43bn
Net profits	170.8m	141.2m
Net per share	2.31	1.90
Nine months		
Revenue	6.59bn	6.97bn
Net profits	448.3m	417.4m
Net per share	6.08	5.60

FANNIE MAE
Mortgage lender

Third quarter	1984-85 $	1983-84 $
Net profits	22.7m	43.1m
Net per share	0.31	—
Nine month		
Net profits	18.4m	†28.2m
Net per share	0.24	—

†Loss

OWENS-CORNING FIBERGLAS
Glass fibre products

Third quarter	1985 $	1984 $
Revenue	870.4m	808.2m
Net profits	36.9m	34.8m
Net per share	1.31	1.18
Nine months		
Revenue	2.34bn	2.26bn
Net profits	87.1m	80.3m
Net per share	2.94	2.73

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 14.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101½	102	0	0	10.34
Amex Credit 12⅛ 88	150	106¼	106¾	0	+0¼	10.01
Atlant Richfld 10¼ 00	250	94	94½	+0⅛	+0½	11.04
Australia Com 11¼ 00	100	102⅞	103⅜	0	+0⅜	10.89
Australia Com 11 95	200	101¾	102¼	0	+0¼	10.64
BP Capital 11⅛ 92	150	103	103½	0	+0¼	10.50
Canada 11½ 90	500	104⅞	105⅜	−0⅛	+0⅛	9.98
Canadian Pac 10¾ 93	100	101⅝	102⅛	+0⅛	−0⅛	10.36
Canadian Pac 12½ 99	75	107⅝	108⅛	0	−0¼	11.35
Chevron U.S.A. 12¼ 89	600	104⅛	104⅝	0	0	10.84
Citicorp 10 00	200	100⅛	100⅝	0	+0¼	9.92
Citicorp 11½ 95	150	101¼	101¾	−0½	−0⅜	11.21
Coca Cola 11¾ 91	100	105	105½	0	+0⅛	10.30
Denmark Kingdom 11½ 89	100	102½	103	0	+0⅛	10.24
Denmark Kingdom 11½ 90	100	103⅜	103⅞	0	+0¼	10.43
Denmark Kingdom 11½ 92	100	102⅜	102⅞	0	+0⅛	10.88
E.D.F. 10 95	225	94⅞	95⅜	0	+0⅜	10.82
E.E.C. 9⅝ 90	350	97½	98	0	+0⅛	10.22
E.E.C. 11⅛ 90	100	102⅝	103⅛	0	−0⅛	10.23
E.I.B. 12 90	200	105⅜	105⅞	0	+0⅛	10.42
Export Dev Corp 10 90	100	99½	100	+0⅛	+0¼	10.04
Export Dev Corp 12 89	100	105⅞	106⅜	0	−0⅛	10.07
Fed Dep Stores 10⅛ 95	100	96½	97	0	+0⅜	10.66
Ford Motor Cred 11⅞ 90	100	102¼	102¾	0	+0⅛	10.58
Ford Motor Cred 11⅝ 00	100	102	102½	+0⅛	0	11.20
Ford Motor Cred 11¾ 92	100	102⅝	103⅛	−0⅛	+0⅛	11.08
Ford Motor Cred 12 00	100	104	104½	+0⅛	0	11.22
Gen Elec Credit 10¼ 00	200	100½	101	0	0	10.13
GMAC 10¼ 89	200	100⅜	100⅞	0	0	10.08
IBM Credit 10⅜ 2000	300	101⅝	102⅛	0	+0⅛	10.11
Kellogg Company 10¾ 90	100	102½	103	0	0	10.02
Kellogg Company 11¼ 92	100	102⅞	103⅜	0	−0⅜	10.62
L.T.C.B. 12⅞ 91	100	105⅜	105⅞	0	+0¼	10.63
Macy Cred Corp 11¾ 00	100	103⅜	103⅞	0	+0¼	11.08
Merrill Lynch 12¼ 89	100	105¼	105¾	0	+0⅛	10.56
Minnesota 11½ 87	100	103⅛	103⅝	−0⅛	−0¼	9.57
Mitsui Trust 11⅝ 90	100	102¼	102¾	0	+0⅜	10.88
Morgan Guaranty 12⅛ 89	150	106¼	106¾	0	0	10.30
Pru Realty secs 12⅛ 90	546	106⅛	106⅝	0	+0⅜	10.37
Qantas Airways 10⅝ 00	140	96⅛	96⅝	0	+0¼	10.93
Quebec Hydro 11½ 92	100	104⅜	104⅞	0	+0⅛	10.50
Queensland Govt 10¼ 95	100	98⅛	98⅝	0	+0⅜	10.66
Ralston Purina 11¾ 95	100	104	104½	0	+0⅛	10.95
Ralston Purina 12¾ 88	100	107	107½	0	+0⅛	10.44
Saskatchewan 10¾ 92	100	101¼	101¾	+0¼	+0⅜	10.39
Saskatchewan 11⅞ 89	100	105⅛	105⅝	0	+0¾	10.19
Statoil 10 90	170	99⅛	99⅝	+0⅛	+0¼	10.15
S Wales Trsy 11¾ 90	150	104½	105	0	+0⅜	10.35
Swed Exp Cred 10 92	100	97	97½	0	+0⅛	10.67
Swed Exp Cred 12¼ 89XW	100	106⅝	107⅛	0	+0⅛	10.50
Sweden Kingdom 10⅞ 90	200	101¾	102¼	0	+0⅛	10.27
Sweden Kingdom 11½ 89	200	103⅞	104⅜	0	+0⅛	10.21
Sweden Kingdom 11¾ 94	100	105	105½	0	+0⅛	10.80
Tenneco Corp 10¾ 95	150	99⅝	100⅛	+0⅛	+0¼	10.75
Texaco Capital 10 95	300	93⅛	93⅝	0	0	11.13
Texaco Capital 11⅛ 95	250	100⅛	100⅝	0	+0⅛	11.04
Tokai Asia 11½ 95	100	102¾	103¼	0	+0¼	10.96
United Tech Fin 10⅝ 95	100	98⅜	98⅞	0	−0⅛	10.85
Victorian Rep 11⅝ 92	150	103½	104	0	+0¼	10.76
World Bank 10⅛ 95	300	97⅛	97⅝	+0⅛	+0⅛	10.55
World Bank 12⅞ 94	200	111⅛	111⅝	+0⅛	+0¼	10.81

Average price change On day 0 on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	†106	106½	0	−0⅜	7.09
Austria,Republic 7¾ 94	200	†104¾	105¼	0	−0¼	6.82
Baxter Travenol 7¼ 94	200	†103	103½	0	−0⅛	6.72
Copenhagen 7⅝ 95	150	†102	102½	+0¼	+0¼	7.03
Credit National 8½ 94	200	†107	107⅛	0	−0⅜	6.94
E.I.B. 7¼ 94	300	†102	102½	−0¼	−0⅞	6.91
Escom 8 92	150	†97	97½	+0¼	+1	8.55
Ex-Im Bk Korea 7⅝ 90	100	†100¼	100¾	+0⅜	+0¼	7.49
Ferrovie Dello Stato 8 91	100	†104½	105	0	−0⅜	6.91
Finland Republic 7 92	200	†101¾	102¼	−0⅛	+0⅛	6.59
Gould Int Fin 7⅝ 91	100	†103½	104	−0⅜	−0⅞	6.78
Ireland 8½ 92	150	†104¾	105¼	−0⅛	−0¼	7.13
Japan Fin Corp 7⅞ 91	100	†105¼	105¾	−0⅜	−1¼	6.43
Mitsubishi Hvy 3½ 89WW	300	†184	186	+4	+2¾	−13.89
Mitsubishi Hvy 3½ 89XW	300	†91¼	91¾	−0⅜	−0⅞	6.30
Mitsubishi Met 3½ 89WW	100	†100½	101⅛	+0⅛	+1⅛	1.39
Mitsubishi Met 3½ 89XW	100	†89¾	90¼	−0⅜	−0¼	5.89
Quebec Hydro 7¼ 95	200	†102¼	102¾	−0⅛	−0½	6.76
Renfe 7¼ 95	100	†103	103½	0	−0¼	7.28
Soc Cent Nucleaire 7¾ 95	150	†101¾	102¼	+0¼	−0⅛	6.95
Societe Cent Nuclear 8 91	100	†106½	107	0	−0¼	6.54
Sth African Tran 7⅝ 92	100	†93¾	94¼	0	−0¼	8.79
World Bank 7 95	600	†101	101½	+0⅜	−0⅞	6.82
World Bank 7¼ 89	100	†103½	104	0	+0⅛	6.45

Average price change On day +0¼ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 5⅞ 94	100	†*101½	101¾	−0½	−0½	6.01
Avon Cap Corp 5⅝ 94	130	†100½	100¾	0	+0¼	5.58
Brit land Comp 6½ 89	75	†105	105¼	−0½	−0¼	5.05
Council of Europe 6 92	120	†*102	103¼	+1	0	5.46
Creditanstalt 5½ 94	100	†100¼	100⅛	0	+0⅜	5.44
Deutsche Bk Fin 5½ 95	100	†103	103¼	0	0	4.94
E.I.B. 5¾ 94	120	†102¼	102½	+0¼	−0¼	5.33
Gen Occidentale 4½ 94	80	†102	103	−0⅛	−0⅛	4.18
Glendale Fed.S&L 5½ 95	100	†99	99¼	0	0	5.75
I C Industries 5⅝ 94	125	†103¼	102½	−0¼	+0¼	5.29
Ind Fund Fin 5¼ 94	40	†102	102¼	+0⅞	−0½	5.45
Int-Am Dev Bk 5⅝ 94	120	†103½	103¾	0	0	5.00
N.Zealand steel 5¼ 96	70	†100	100¼	0	+0½	5.73
Oberos Khek 5⅝ 95	100	†100	100¼	0	0	5.35
Ralston Purina 5¼ 94	125	†101¼	101½	−0¾	−0¾	5.18
Santos Finance Ltd 6 94	130	†100⅛	100⅜	+0¼	+0¼	5.91
Tokyo Elec Pwr 5⅝ 90	120	†101⅛	101⅜	+0⅛	+0½	5.22
Tokyo Metropolis 5¼ 94	80	†100¼	100½	0	−0¼	5.19
World Bk 5¾ 94	150	†101¾	102¼	−0⅛	+0⅛	5.46

Average price change On day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6⅝ 90	15	100⅛	100⅝	−0⅛	−0⅜	6.67
Gdyr Tr & Rubber 7⅛ 95	25	100	100½	0	−0⅜	7.08
Mort Bk Denmark 7 92	10	100½	101	+0⅛	−0⅛	6.94
New Brunswick 7⅛ 00	10	101⅝	102⅛	−0⅛	−0½	6.95
Swed Exp Cred Zero 90	14	72⅜	72⅞	0	0	6.57

Average price change On day 0 on week −0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aust Gas & Light 13 92 $A	50	98⅝	99⅛	0	−0½	13.19
GMAC 12⅞ 88 AS	35	97	98	−0⅜	−0⅛	13.95
Kellogg Co 12¾ 88 AS	30	96⅛	97⅛	−0½	−0⅞	14.21
Midland Int'l 13⅛ 90AS	50	99	100	−0½	0	13.49
Amex 10¾ 90 C$	50	98⅞	99⅜	−0⅛	−0½	10.97
CIBC 10¾ 90 C$	75	†97⅝	98⅛	+0¼	−0⅝	11.33
Genstar Fin 11¾ 95 C$	75	99¼	99¾	0	+0⅜	11.82
Hamil-Went'th 10¾ 95C$	25	†94½	95½	0	−0¾	11.81
Loblaw Cos 11⅛ 92 C$	50	†99⅛	99⅝	+0⅛	−0¾	11.73
Sears Acc. Co 10⅞ 92C$	75	†94⅞	95⅜	0	−0⅝	11.68
Winnipeg City 10⅛ 90C$	50	99½	100	+0⅛	0	10.87
Chrysler Fin Corp 17 90NS	65	†91¾	93¾	−0¼	−0¾	19.38
K.O.P. 16⅞ 91 NS	50	†99¼	99¾	−0½	−2¼	19.53
Privatbanken 16⅞ 88 NS	50	†94¾	96¾	−1½	−1¾	18.34
B.N.P. 8⅞ 95 ECU	75	98¾	99¼	−0⅛	−0⅛	9.08
IBM Wld Trade 8⅞ 90ECU	130	99	99½	−0⅛	−0¼	8.43
Sec Pac Aust 8¾ 90 ECU	100	99⅛	99⅝	−0⅛	−0⅛	9.17
Honda Motor WW 3⅞ 90FL	100	102⅛	102⅝	+0½	+1⅛	3.29
Honda Motor XW 3⅞ 90FL	100	89½	90	+0¼	−0⅛	6.90
Thyssen 7¼ 90 FL	50	101⅛	101⅝	−0⅛	−0⅜	6.90
Wereldhave 7½ 90 FL	75	101½	102	0	−0¼	7.05
Wessanen 6¾ 90 FL	50	98¼	98¾	0	−0¼	7.12
S.N.C.F. 11 2000 FF	500	90⅝	91⅛	−0¼	−0¼	11.15
Australia Comm 11 92 £	40	100⅝	101⅛	0	+0½	10.77
BP Capital 10¾ 92 £	50	100	100½	0	−0⅛	10.95
E.I.B. 11⅛ 93 £	50	100½	101	0	+0¼	10.94
GMAC UK Fin 10½ 90 £	30	98¾	99¼	0	+0⅛	10.75
Imp Chem Inds 11¼ 95 £	75	100⅞	101⅜	0	+0⅛	11.05
Imp Chem Inds 10¾ 92 £	75	98½	99	0	+0¼	11.00
Mcdonalds 10⅞ 90 £	40	101⅛	101⅝	0	+0⅝	10.44
Mitsubishi Fin HK 11 90 £	50	99¾	100¼	0	+0⅛	10.96
Privatbanken 11⅛ 92 £	20	101½	102	0	0	11.44
Rank Xerox 11 92 £	40	100	100½	0	+0¼	10.91
Royal Ind 10¾ 92 £	90	97¾	98¼	0	+0⅝	11.17
Star Drug Cap 10⅞ 90 £	30	100⅛	100⅝	0	+0¼	10.72
Tricentrol XW 11 92 £	35	96¾	97¼	+0¼	+0¼	11.64
Trusthouse Forte 11⅛ 90£	50	99⅞	100⅜	0	+0⅛	11.05
World Bank 11¼ 95 £	100	101⅝	102⅛	0	0	10.90
E.C.S.C. 10½ 94LF	100	104⅜	105⅜	+0⅛	+0⅞	9.64
Nat Lux Alum 10⅛ 92LF	600	104	105	−0¼	+0½	9.57

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	†99⅝	99⅞	28/10	8.1	8.12
BankAmerica O/S 5¼ 90	0⅛	99⅞	100⅛	30/12	8⅛	8.13
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.44
B.F.C.E. 5⅛ 99	0⅛	100¼	100½	13/12	8¾	8.72
B.N.P. 5¼ 95	0	101⅜	101⅝	18/1	5¼	5.17
B.N.P. 5¼ 95 (July)	0¼	100	100¼	22/1	8¼	8.24
B.N.P. 5¼ 99	0⅛	100	100¼	5/6	5¼	5.24
C.C.F. 5¼ 97	0	99⅝	100	28/10	8.19	8.20
Chase Man'tn 5 2000	0	99¾	100	12/11	8⅛	8.14
Chase Man'tn 5¼ 2009	0⅛	98⅞	100⅛	5/12	8.44	8.44
Citicorp O/S 5¼ 95 Sep	0⅛	99⅞	100⅛	19/12	11.19	11.19
Credit Lyonnais 5¼ 00	0⅛	100⅝	105⅞	11/10	9.69	9.62
E.E.C. 5 90	0	99⅝	99⅞	8/1	5.06	5.08
Halifax 5 92 £	0	99⅝	99⅞	7/10	5	5.01
Ireland 5¼ 97	0	100	100¼	28/10	9.69	9.68
Ireland 5¼ 99	0	100¼	100½	16/3	8.94	8.90
Italy, Republic 5 94	0⅛	100	100¼	12/11	8⅞	8.85
Lloyds Bank Perp	0¼	100	100⅛	9/12	8	7.99
Midland Bank Perp 5	0¼	99⅝	100⅛	19/12	8⅛	8.14
Nat West Perp A 5¼ S	0¼	99¾	100	9/1	8¼	8.26
Nat West Perp B 5¼ S	0¼	99⅞	100⅛	18/2	8.51	8.51
New Zealand 5 97 £	0	99¾	100	14/11	11.56	11.58
Roy Bk Canada 5 2005	0⅛	99¼	100	7/10	8¼	8.26
Roy Bk Scot 5¼ 2005 £	0	90⅛	99⅜	1/11	11.69	11.78
United Kingdom 5 92	0	99⅞	100⅛	7/7	5	5.00

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	124¾	125¾	−0⅝	7.26
Comcast 7 2000	12/85	23.875	†103⅛	104¼	−0⅛	24.75
Fanuc 3¾ 98	1/84	7032.3	179½	181	−2⅛	61.34
Fuji Hvy Inds 3 2000	8/85	676	89⅛	90⅛	−0⅜	4.49
Fujitsu 3 99	5/84	1320.9	93⅜	94⅜	−3⅜	11.54
Kumagai Gumi 3½ 2000	3/85	600	124¾	126¼	+4⅝	12.73
Marui 3½ 99	7/84	1182	148	150	+0⅜	1.74
Mitsubishi Elec 2⅞ 00	3/85	422	104⅝	105⅝	−0⅝	−1.96
Murata 3½ 2000	7/84	2388	100⅞	101⅞	−0⅛	24.53
Nippon Elec 2¾ 2000	1/85	1295	98½	99¾	−1⅜	37.91
Nippon Oil Co 3 2000	5/85	923	96¾	97¼	−1¼	−4.33
Oki Elec Ind 3½ 99	10/84	805	98⅜	99⅜	−1½	15.06
Orient Leasing 5¼ 90	6/83	2000	190	192	−0¼	−5.04
Sekisui House 3 99	6/84	612	177⅛	178⅝	+0⅞	5.12
Sumitomo Bank 2¾ 2000	8/85	2142	101	102	+0⅝	8.96
Sumitomo Corp 2⅞ 99	5/84	593	145⅞	147⅛	+0¼	1.42
Taiyo Yuden 3¼ 2000	3/85	1078	†91	93	+0½	−1.96
Takeda Riken 3⅜ 2000	10/84	7663	†84	86	−2	15.38
Tokyo Sanyo Elec 3½ 99	12/84	772	93⅞	94⅞	−2⅛	−1.19
Toshiba Ceramics 3 2000	4/85	1734.2	86⅝	87⅞	+0½	8.24
Nippon Oil Co 2⅞ 92 SF	3/84	1052	†100	100½	−0⅝	22.53
Nippon Shinpan Co 2 92 SF	3/84	801	†115¾	116	−0⅜	12.44
Asics 5 92 DM	12/83	520	106⅝	107⅞	0	19.30
Renown 3⅛ 90 DM	3/85	675	†100½	103½	0	−4.24
Sum Realty 6¼ 92 DM	2/83	338	†375	378	+10¼	2.06

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week — Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date — Date next coupon becomes effective. Spread — Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. — current coupon. C.yld — current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day — Change on day. Cnv. date — First date for conversion into shares. Cnv. price — Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem — Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK COMPANY NEWS

Glaxo jumps 57% to over £400m

Glaxo Holdings, pharmaceutical manufacturer, achieved further growth in the second half of 1984-85 and ended the year to June 30 with pre-tax profits 57 per cent higher at £402.9m, compared with £256m previously.

At the interim stage, profits were ahead from £117.4m to £194.0m and it was estimated that exchange rates had increased sterling profit figures by £12m. Sales of major products had shown growth.

With stated earnings for the full year well up at 75.5p, against 45.8p, the dividend total is to be hoisted to 20p (13p) net with a final payment 5p higher at 14p.

A one-for-one scrip issue is also proposed.

Turnover for the year, including sales to the former subsidiary Vestric but excluding sales by that company, amounted to £1.19bn, an increase of 30 per cent on the previous year's £914.4m. Vestric was sold for £15m in March to AAH Holdings.

Sales by Vestric, during the nine months to March 29, 1985 while it was a subsidiary, totalled £259.6m. This was £20m higher than the corresponding nine months figure of the previous year and compared with £325.5m for the previous full year.

UK sales, excluding sales by Vestric, increased by 17 per cent from £194.7m to £227.7m, and overseas sales showed an advance of 33 per cent from £719.7m to £958m.

Glaxo achieved main stream sales growth of 30 or 34 per cent adjusted for exchange differences. Exchange rates clipped £40m from the sales total, but had no material effect on profits.

Group trading profits climbed by 54 per cent from £235.3m to £361.4m. Share of associated companies' profits added £15m, against £13.6m, while investment income, less interest payable, showed a substantial advance from £7.1m to £26.5m.

After charging tax of £120m, against £84.1m, and minority interests of £3.3m (£3.1m), profits before extraordinary items emerged ahead from £168.7m to £279.6m.

After allowing for extraordinary items this time of £12.9m—which related to losses on the sale of subsidiaries—not available profits came through at £266.7m, compared with £168.7m.

The anti-ulcer drug Zantac continued its success in the U.S. and nearly doubled its sales there. The company says it is also doing well in other countries and has had a good start in Japan, where it had secured 25 per cent of the market by June.

Zantac clocked up total sales of £430m in the year, up from around £250m.

Excluding Zantac, volume growth in pharmaceutical sales was 15 per cent. The new injectable cephalosporin, ceftazidine, has achieved encouraging results in America where it was launched in August.

It is expected to go on sale in Japan, the largest market for cephalosporins, during the current financial year.

Glaxo increased its research and development spending during the year to £93m, an increase of 21 per cent. Current year R and D spending is expected to reach £120m.

The shares closed £⅛ lower yesterday at £13.

See Lex

Sir Austin Bide, chairman of Glaxo

Farnell sees recovery in distribution business

Slower growth in Farnell Electronics' main distribution business is expected to give way to gradual improvement next year, say the directors reporting pre-tax profits up 8.3 per cent from £8.75m to £9.47m in the six months to July 31, 1985.

Interim profits for the comparable period last year were up 25.4 per cent. The group, which distributes and manufactures electronic and electrical equipment, says the slower growth in the main distribution business is continuing into the current period.

The manufacturing subsidiaries have found trading conditions more difficult, particularly with makers of small computers, but the group says their wide range of products has helped offset deficiencies in this area.

Signs of the trend to slower growth were noted in the chairman's report for the year to February 3 1985,

An interim dividend of 1p (0.8p) is being recommended. Turnover was up 12.6 per cent at £41.97m (£37.26m), tax was £3.95m (£4.08m) and earnings per 5p ordinary share were stated at 4.4p (3.7p).

● comment

Farnell's interim results, although slightly lower than most City expectations, were well received in the market, which was evidently relieved that the company has escaped the shocks that have hit others in the sector. The downturn in demand for electronic components has finally worked its way through to the distribution division, hitherto protected by a customer base which buys in small lots for repair and maintenance work. Volume growth may have been about a quarter of that in previous years, while lower prices have resulted in erosion of margins. A similar second half can be expected. In the manufacturing division after a first half in which profits fell, better orders are now coming through and the outlook into next year is brighter. As was the case in the first half, much of the forecast improvement overall to about £23.5m for the full year will come from investment income: the company currently has about £20m in cash. If the market turns, Farnell, now equipped with a 25 per cent increase in warehouse space, looks well placed for a rerating. In the meantime the shares seem fully valued on a prospective p/e of 15, assuming a tax rate of 41 per cent.

Associates upturn boosts Bryant profits to £11.7m

HELPED BY a substantial improvement of over £1m in associated companies' results, Bryant Holdings, housebuilder and property investment group, raised pre-tax profits from £11.3m to £11.68m for the year to May 31 1985. Turnover edged ahead from £119.43m to £120.48m.

The directors say the company's private homes activity continued successfully with a modest increase in turnover, but the highly competitive conditions which exist in the areas in which Bryant operates squeezed margins so that profits were lower at £8.65m (£9.47m).

The construction division operated efficiently in a difficult market and increased its profits contribution from £0.86m to £1.2m.

The property operation experienced little growth in line with economic conditions and profits fell from £1.53m to £1.16m. Results, however, were distorted by a write-down of two development properties amounting to some £0.5m.

On prospects, the directors believe that turnover and profits on construction work will show some increase in the current year from additional contracts in the Midlands and south, while the property contribution is expected to recover.

The overall outcome, they say, will depend on the performance of the home division. Given continuing availability of mortgages and a further reduction in interest rates, they expect to report satisfactory results for the year 1985-86.

Pre-tax profits for the year under review were after including a share of associates profits this time of £1.08m, as against £56,000 losses before. Interest receivable rose from £143,000 to £155,000, and interest payable was lower at £569,000 (£641,000).

After higher tax of £5.08m (£3.95m) earnings per 25p share were down from 9.2p to 8.2p. The final dividend is, however, raised to 2.2p (2p) for a total up from 3p to 3.3p net.

A revaluation of the group's investment properties produced a surplus of £152,000 (£591,000).

Towards the end of the year, the company made additional investment in land for its increasing homes activity in the south, which increased net borrowings to £10.1m, against £6.9m a year earlier.

Land prices are still rising, but the directors say that with borrowings at only 17 per cent of shareholders' funds, the company has ample scope to finance this investment.

The company's land bank for homes development now stands at £55.5m (£38.9m) reflecting the confidence it has in the future of this activity.

● comment

Bryant's pre-tax figure was in line with forecasts but the market appeared to take a dislike to the composition and marked the shares down 4p to 81p. A little less from the associates and a little more from the core activities might have proved more palatable. The performance nevertheless looked creditable: most housebuilders have had a difficult year and for one based in the depressed Midlands to have achieved a profit margin of more than 9 per cent is no mean feat. The construction division, a small but efficiently run enterprise, also did well to buck the generally gloomy trend and turn in a profit. This year should see some modest all-round improvement: housebuilding should see increasing benefits from the expansion of its activities in the south, where demand is stronger and margins wider, and the Midlands market is also showing signs of recovery. A further increase in construction profits combined with an absence of property write-downs could see an overall £1m improvement. After a 35 per cent tax charge the shares are on a prospective p/e ratio of 8 against a sector average of 11.

Charlie Browns tops forecast with £0.6m

SUBSTANTIAL progress has been made by Charlie Browns Car Part Centres in the year ended July 31 1985. Sales rose by 30 per cent to £15.26m while the profit before tax came to £608,000 and beat the USM prospectus forecast of May by £33,000.

The directors recommend a dividend of 1p net, the maiden payment.

Mr Andrew Bairstow, chairman, says the current year has started well with sales showing a satisfactory rise over the comparable period. And he is optimistic that the trend will continue, leading to further increases in sales and profits.

Sales in the year were split as to £9.76m (£7.66m) supermarket and fitting services and £5.5m (£4.06m) petrol. Branches acquired in 1984 had been converted into the Charlie Browns format of self service supermarkets for the motorist and were fully integrated into the group; in the second half they started to make satisfactory contribution to profit.

After tax £185,000 (£1,000), the year's net profit came to £423,000 (£209,000) for earnings of 8.08p (4.12p) per share. Last year there were exceptional debits of £103,000. Tax has been reduced by £98,000 as a result of credits relating to prior years.

In the current year a new branch has been opened at Darlington, and three have been acquired at Cheadle, Oldham and Sale,

Share offer puts £21m value on Davidson Pearce

BY LUCY KELLAWAY

THE PROSPECTUS is published this morning for an offer for sale of shares in Davidson Pearce, the eighth largest advertising agency in the UK.

Hill Samuel is offering 4.2m shares at 160p each, to value the company at £20.8m. Following the offer, 34.9 per cent of the shares will be in public hands, the management and staff's stake will be reduced from 60 per cent to 41.6 per cent, while the 40 per cent currently owned by the Ogilvy Group will be lowered to 23.5 per cent. About 400,000 shares are being sold on behalf of the company, the proceeds of which will cover flotation costs of £600,000.

Davidson Pearce was formed in 1970 as a result of a merger between Spottiswoode Advertising and Davidson Pearce Berry & Tuck. Since then, it has grown rapidly, and over the past five years billings have expanded at an average compound rate of 10 per cent, while profits have grown by 29 per cent. In 1984, the company made pre-tax profits of £1.7m on billings of £64m, and is forecasting that in the current year profits will be not less than £2.1m.

The company's clients span a broad range of industries, with the largest including British Gas, Brooke Bond Oxo, Fiat, and TWA. The largest five clients account for 55 per cent of turnover, while the largest single client accounts for 18 per cent.

At the offer price the shares are on a prospective p/e ratio of 17, and the forecast yield is 2.2 per cent. Dealings are expected to begin on October 25.

● comment

One pitfall for investors in advertising agencies is the risk that key people and accounts get up and walk off. For Davidson Pearce, however, this appears to be rather less of a problem than for the rest of the industry. Indeed, the company's main strength is the tenacity with which it has clung, both to its staff and to its clients—most of its senior employees have worked there for over 10 years, while *half of the growth in turnover* each year has come from existing clients rather than from new accounts. Such continuity has been reflected in the profit record, where a steady upward trend is forecast to be maintained in the current year. Less risky than others in the sector, Davidson Pearce also seems rather less exciting. Without the creative sparkle of some of its competitors and lacking the promise of aggressive growth if all goes right, the shares seem finely priced on a p/e pitched exactly in line with the sector. The recent addition of M & S to the client list, while undeniably a coup for Davidson Pearce, will do more for its image in the short-term than for its bottom line.

Ivory & Sime launches £12m European fund

Ivory & Sime, the Edinburgh-based investment fund manager, is today launching a £12m fund, Continental Assets Trust, aimed at quoted family-owned businesses throughout Europe.

In particular, the emphasis will be on companies listed on the various second-tier markets, the equivalent of the USM in the UK, with market capitalisations of up to £30m.

The most active of these markets at present is the Second Marche in Paris (with 98 members) and the Parallel Market in Holland (with 36 members). Norway has its 16-strong Corridor Market.

Additionally the fund will be looking at backing companies about to obtain listings on markets throughout Continental Europe. The fund's aim will be capital growth.

Of the 12m shares on offer, a quarter are being taken up by European Assets Trust NV, another Ivory fund, while 5.5m have been guaranteed to clients of Phillips and Drew and Bell, Lawrie, Macgregor & Co, the two brokers to the issue. This leaves 3.5m uncommitted.

According to Mr Pascal de Salaberry of Ivory & Sime, clients have already made requests for up to 7m shares "so the issue is fully backed," he said.

The 12m ordinary shares of 75p are being offered with warrant at 100p a share. One warrant will be issued for every five shares purchased and will be convertible into an ordinary at 100p (subject to adjustments) on April 30 in any year from 1987 to 1996. The shares plus warrants are being sold on a 50p partly paid basis with the balance due on April 15 1986.

Ivory & Sime believes that the underdeveloped Continental markets, where the traditional emphasis has been on bank borrowings rather than equity finance, is going to be changing over the next five years.

● comment

While this may be the first investment trust spanning small companies across the Continent, it is not totally the first to latch onto the developing second line markets. For those thinking of subscribing for some of the 3.5m uncommitted shares the real question is likely to be the shares' performance before fund is fully placed. Given the quality of Charlotte Square's backing there will be no shortage of takers. However, three months out (and with funds still to be placed) even a small amount of selling could push the price down to a discount. As this seems to have been a pattern of late, the Lloyds small German companies fund went off three months out from flotation for example, there could be a good buying opportunity around Christmas.

Sterling moves hit Hammerson

FOR THE first half of 1985 net profit attributable at Hammerson Property Investment and Development Corporation which operates in the UK and overseas has shown some improvement, from £9.87m to £10.28m. Earnings rose from 6.75p to 6.9p.

But if currency rates had remained at those prevailing at the end of 1984, the profit attributable would have been up to £13.5m and earnings to 9.06p. Shareholders receive a same-again interim dividend of 2p net per share, and have the option to take this in shares. The final for 1984 was 6.5p.

During the past months the company has been active in the UK and in particular has completed the purchase of Dominant House, Queen Victoria Street, EC, has sold subsequent to the half year 1-2 Royal Exchange Buildings, EC, following substantial refurbishment,

In the half year gross rental income expanded from £45.94m to £61.09m, while rents payable and other property outgoings totalled £26.56m, compared with £18.08m.

Gross profits from property trading were £146,000 (£1.23m) and other income rose to £2.87m (£2.15m). Cost of finance, administration and other charges grew by over £5m to £20.05m.

Tax takes £4.77m (£5.1m) and minorities £2.45m (£416,000) to leave the net attributable at £10.28m (£9.87m). There is an extraordinary surplus of £2.74m (£1.87m).

Troubled Wm Boulton trims losses to £1.18m

William Boulton, holding group with interests including machine manufacturing and foundry work, has cut its pre-tax losses to £1.18m from £1.33m in the year to June 30.

Directors say the auditors' report confirms that the accounts have been prepared on a going-concern basis on the assumption that adequate banking facilities will continue to be available.

Boulton, whose affairs are being managed by Mr John Briggs, a "company doctor," has continued its programme of reorganisation throughout the year including the disposal of a number of loss-making subsidiaries.

Mr Briggs, in his review, says he believes the group is much fitter than it was a year ago following the completion of the greater part of the rationalisation programme.

He says the board sees it as its priority to complete the programme as soon as realistically possible, giving much thought to the future direction of the group.

The board is again unwilling to speculate on the likely outcome of the current year.

Turnover was down at £20.36m against £22.83m. Exceptional costs were £767,000 (£575,000) and extraordinary debits rose to £1.87m (£964,000). The latter figure includes net losses incurred in the material disposals made during the year as part of reorganisation. Other costs incurred by reorganisation are included as exceptional costs.

Minority interests rose to £12,000 from £4,000 while interest payable increased from £633,000 to £636,000.

CRADLEY PRINTING, West Midlands-based lithographic printer, doubled pre-tax profits to £1.05m for the year ended June 30 1985. This compared with £530,000 previously which included £46,000 from Chester Road Printers which has ceased trading. Turnover increased from £6.95m to £8.23m. After tax of £314,000 (£172,000) earnings per 10p share were ahead from 3.2p to 6.8p. The year's dividend is raised from 1.19p to 1.5p net. Net assets per share advanced from 35.3p to 41.2p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ash & Lacy ....int.	10¶	Nov 23	8	—	20
Attwoods	3	Jan 31	2.5	4	3.5
Barham ....int.	1	Nov 25	0.4	—	1.2
Charlie Browns‡	1	Jan 6	—	1	—
Bryant Holdings	2.2	Dec 4	2	3.3	3
Cradley Print	1.5	Jan 7	1.19	1.5	1.19
Farnell Electronics int.	1	Dec 6	0.8	—	1.8
Glaxo	14	Jan 3	9	20	13
Hammerson Prop'y int.	2‖	—	2	—	8.5
Medminster	3.4	Jan 8	3.1	5.35	4.85
John Mowlem ....int.	4	Jan 2	2.2	—	11.93
Ramus Bldgs‡	3.75	Dec 3	3.75	5.25	5.25
Senior Engineering int.	0.83	Nov 29	0.75	—	1.5
TSW	1.15	—	1	1.7	1.5
UEI ....int.	2	Dec 2	2	—	5.25

Dividends shown in pence per share except where otherwise stated.
*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶To reduce disparity. ‖Carries scrip option.

LADBROKE INDEX
1,023-1,027 (+5)
Based on FT Index
Tel: 01-427 4411

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP — Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord. ...	131	—	6.6	5.0	7.3	8.7
161	135	Ass. Brit. Ind. CULS...	137	—	10.0	7.3	—	—
77	43	Airsprung Group	55	—	6.4	11.6	9.2	12.0
46	28	Armitage and Rhodes...	45	—	4.3	9.5	5.8	8.7
159	108	Bardon Hill	157	—	4.0	2.0	18.9	20.7
64	42	Bray Technologies	61	—	3.9	6.4	7.4	6.6
201	155	CCL Ordinary	156	—	12.0	7.7	3.8	3.6
152	104	CCL 11pc Conv. Pf. ...	104	—	15.7	15.1	—	—
130	10	Carborundum Ord. ...	126	−1	4.9	3.8	6.2	9.8
92	83	Carborundum 7.5pc Pf.	92	—	10.7	11.6	—	—
73	46	Deborah Services	50xd	—	7.0	14.0	5.2	8.8
650	182	Frank Horsell	650	+5	1.4	0.2	15.3	20.6
629	170	Frank Horsell Pr.Ord.87	629	+5	11.9	2.2	12.5	16.8
32	21	Frederick Parker	21	—	—	—	—	—
83	33	George Blair	79	—	—	—	3.2	5.9
50	20	Ind. Precision Castings	41	—	3.0	6.6	11.2	12.1
218	177	Isis Group	190	—	15.0	7.9	14.8	21.8
124	101	Jackson Group	106	—	5.5	5.1	7.2	7.2
285	213	James Burrough	248	—	15.0	6.0	7.8	7.8
94	83	James Burrough 9pcPf.	93	—	12.9	13.9	—	—
96	71	John Howard and Co.	87	—	5.0	5.7	6.9	10.9
225	100	Linguaphone Ord.	180	—	—	—	6.6	6.9
100	90	Linguaphone 10.5pc Pf.	90	—	15.0	16.7	—	—
660	300	Minihouse Holding NV	570xd	—	6.8	1.2	24.9	23.7
120	31	Robert Jenkins	80	—	—	—	10.4	22.8
60	28	Scruttons "A"	31	—	—	—	—	7.8
82	61	Torday and Carlisle ...	68xd	—	5.0	7.4	3.4	6.2
444	320	Trevian Holdings	320	—	4.3	1.3	18.2	17.9
34	17	Unilock Holdings	34	+1	2.1	6.2	8.2	8.0
113	81	Walter Alexander	110	—	8.6	7.7	6.2	7.6
247	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

Prices and details of services now available on Prestel, page 48146

UK COMPANY NEWS

Scottish & Newcastle to sell whisky interests

BY MARTIN DICKSON

Scottisb & Newcastle Breweries has agreed to sell its Scotch whisky interests—with brands including The Original Mackinlay—to Invergordon Distillars (Holdings) in a cash and shares deal worth about £18.5m.

S & N's whisky interests are carried out through Charles Mackinlay and Co, whicb operates two malt whisky distilleries—at Glenallachie on Speyside and on the Isle of Jura—and a blending and bottling plant at Leith, near Edinburgh.

S & N will receive 3.4m new Invergordon shares — worth about £4.9m at Invergordon's unchanged closing price of 158p last night—for the assets and goodwill of tha company, as well as about £500,000 in cash. Invergordon will pay about £13m (plus interest charges) over tha next four years for Mackinlay's stocks.

The deal with give S & N a 14.7 per cent shareholding in Invergordon. Carlton Industries, a subsidiary of Hawker Siddeley, bolds 76.2 per cent of Invergordon and this will fall to 65 per cent on completion of the deal.

The merger will increase Invergordon's blended whisky output by the equivalent of nearly 1m cases a year—a rise of 40 to 50 per cent—and both S & N and Invargordon yesterday hailed the deal as good for each company.

Invergordon has grain whisky distilling facilities (blended whisky is two-thirds grain whisky) while Mackinlay has in the past had to buy grain whisky from ontside.

Invergordon, for its part, has traditionally lacked such established brand names as it gains from yesterday's deal. Apart from The Original Mackinlay, S & N's blended brands include Legacy 12 years old De Luxe, Glen Cova and McPherson's Cluny, which has e significant presence in the U.S. It also makes Isle of Jura single malt.

S & N will continue to be involved in the business since it will promote and develop these brands in Britain and the U.S. under a trading agreement.

Mr Allick Rankin, S & N's chief executive, said Mackinlay had not been contributing enough to the gronp, in terms of either profits or asset utilisation. "We had to get bigger or get out and this deal gives us the best of both world."

Invergordon said the agreement would mean imroved utilisation of its production facilities and increase its share of the world market for blended whisky.

London & Edinburgh acquisition

London & Edinburgh Trust, property developer and investor, is acquiring 51 per cent of Burlington Insurance Services for £1.46m in shares, with a payment of e further £600,000 in shares dependent on Burlington's profits performance.

The initial consideration has been satisfied by the issue of 408,866 new shares in London & Edinburgh, of which 239,786 bave been placed. The further consideration of £600,000 would become payable if Burlington's pre-tax profits for the financial year to April 1987 exceed £300,000.

London & Edinburgh has the right to buy further Burlington shares for a nominal consideration if pre-tax profits for each of the financial years to April 1987, April 1988 and April 1989 fall short of £470,000.

In addition, London & Edinburgh will be entitled to receive a gross preferred ordinary dividend of £113,000 for the period to April 1986 and £185,000 a year for each of tha following three years.

Burlington's net assets on July 31 were £221,806. Its pre-tax profits for tha year to April totalled £232,215

WHITWORTHS HOLDINGS bas bought Holland Foods, Lincolnshire fresh and frozen foods distributor, for a maximum consideration of £360,000. Tha price will be met by an initial cash payment of £70,000 and the allotment of 27,750 shares, followed by a further £10,000 and a profit-related issue of further shares to a maximum of 250,000. Holland made a net profit of £39,000 in the year to March 31 and had net assets of £74,000 at that date.

Mowlem Tech. floated to allow substantial growth

REPORTING improved interim profit, John Mowlem discloses plans to offer up to 30 per cent of the shares in Mowlem Technology to the U.S. public to help with its expansion.

Tentative indications are that Technology will command a total market capitalisation in the £40-£50m range, converting at $1.40 to the £, and represent about 160p-200p per Mowlem ordinary share.

In the six months ended June 30 1985 the group profit before tax improved from £3.4m to £4m. There was contiouing competition for UK a.:d international contracting, but despite the outlook in the industry prospects for the group in the full year look encouraging, says the chairman Mr Philip Beck. Technology made further satisfactory progress.

No contribution is taken from the property division. The development at Welham Green, Hatfield, Tesco, with other completions, will provide the property component of the full year's results. In 1984, total group profit before tax was £11m.

The current interim dividend is being raised by 1.8p to 4p net per share. This is to provide a more even distribution with the final (9.73p last time) but the increase should at least be reflected in tha year's total, the chairman says.

Turnover in the period moved up from £175m to £195m but operating costs showed a more rapid increase to leave the operating profit £200,000 down at £3m. But thare was £900,000 net interest receivable.

Explaining the proposed flotation of Technology, Mr Beck says this division's profits arise principally in the U.S. and its management is based in Chicago. The business is expected to grow substantially in the future, in part by acquisition, and it is considered advantageous to bave direct access to the U.S. capital markets. Tha offering is planned to take place before tha end of the year, subject to legal formalities and markat conditions.

In e reference to London City Airport, tha chairman says Mowlem has signed heads of agreement with tha co-investors. The joint venture will be so constructed that Mowlem costs to date will ettract e premium and tha group will retain a significant shareholding.

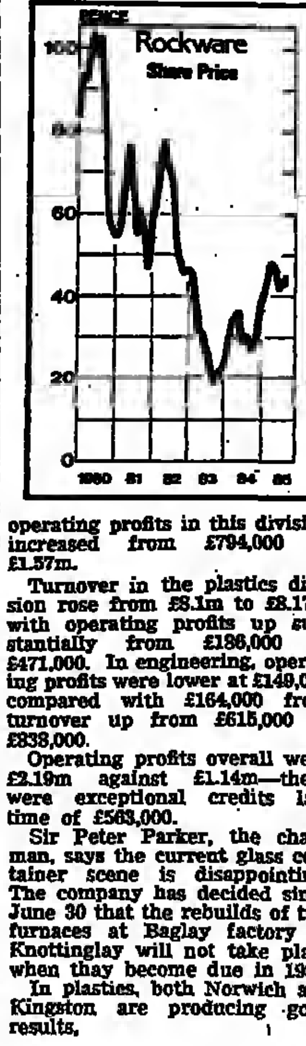
● comment

John Mowlem has moved up a gear and dispelled the cloud that bung over it following the 1984 results. Tha flotation of the technology unit on the U.S. Over-the-Counter market will yield around £13m—most of which is to be ploughed into building up the construction and property activities. It will also have the effect of reducing predator interest in the group. Tha news in the UK is also positive. Canary Wharf's £2bn development scbeme is a major shot in the arm; as is the go ahead on the Stolport (in which Mowlem plans to take e long term stake of some 40 per cent). In the first half there were no property sales revenues but in the closing six months several completions are expected. The shares leapt 38p to 314p on the technology announcemant. If £13m (including £3m from property) is achieved in the full year, the shares are trading on a prospective multiple of 9½. Surely a little modest for a quality company with so many irons in the fire.

Rockware climbs to £528,000 at halfway

SALES at Rockware Group, glass and plastic container manufacturer, have been constrained by increasing imports, by excess prodnction capacity—which is growing again—and by a weakening in the selling price increases which the industry needs. Moreover, the industry's stocks of finished goods as a whole are continuing to increase.

Pre-tax profits in the six months to June 30 1985 rose from £164,000 to £528,000 on turnover down from £58.44m to £56.63m. The glass container division saw e fall from £49.73m to £47.62m in turnover but



operating profits in this division increased from £794,000 to £1.57m.

Turnover in the plastics division rose from £8.1m to £8.17m with operating profits up substantially from £186,000 to £471,000. In engineering, operating profits were lower at £149,000 compared with £164,000 from turnover up from £615,000 to £838,000.

Operating profits overall were £2.19m against £1.14m—there were exceptional credits last time of £563,000.

Sir Peter Parker, the chairman, says the current glass container scene is disappointing. The company has decided since June 30 that the rebuilds of two furnaces at Baglay factory at Knottinglay will not take place when thay become due in 1986.

In plastics, both Norwich and Kingston are producing good results.

UEI profits soar but dividend held

GROWTH CONTINUED at UEI, the Surrey-based electronic and engineering bolding company, in the six months to the end of July.

On turnover 17 per cent higher at £42.62m (£36.34m), pre-tax earnings rose by 24 per cent from £4.61m to £5.71m. From earnings per 10p sbare, up from 5.1p to 6.5p, the interim dividend is beld et 2p "to provide finance for continuing growth within the group."

Last year there was e total payment of 5.25p from taxebla earnings of £10.41m.

The electronics division saw profits improve from £4.01m to £4.73m on turnover up at £28.14m (£24.71m). International sales were said to be responsible for tha increase.

In the engineering division, taxable earnings rose to £1.92m (£1.3m) on turnover up at £14.46m (£11.63m). The highlight was the 16-valve Cosworth version of the Mercedes 190 which was very successful in Europe and well received on its introduction into the UK.

During tha period Dunsley Heating was sold and Quest 80, which contributed e loss last year, was closed. Negotiations are at an advanced stage to sell J. Fisher, whicb is operating profitably, to Rockware Group.

Tha outstanding 50 per cent stake in Quantel KK Tokyo was acquired.

The directors say thet in the longer term tha uncertainties about the dollar are a cause for concern, with ebout 60 per cent of group sala overseas.

Operating profit came out at £7.18m (£5.71m) and the pre-tax figure was struck after interest payments of £1.47m (£1.11m). With tax taking £2.28m (£1.94m), no minority interest, against last year's £56,000, and extraordinary debits of £450,000 (nil), attributable profits were up at £2.98m (£2.73m).

● comment

A metter-of-fact statement containing a currency warning and an unchanged dividend knocked the UEI shares yesterday despite a set of interim figures every bit as good as merket estimates. The results underline UEI's strategic shift towards its core activities in engine design and image processing while shutting down and selling fringe and lower technology parts of the group. Much of tha leg work has already been done, capital spending has peaked, and gearing, a worrisome 78 per cent et the last balance sbeet date, should end the current year at ebout 55 per cent. After taking account of the costs of setting up Cabletime, the underlying rete of growth in the electronics division was 25 per cent, a rate which, failing e major decline in the dollar, appears to be sustainable. Despite recent disposals that make this year's engineering profits not comparable with last year's, e strong advance was made by Cosworth for which prospects appear excellent. Asusming profits of £12.5m this year the prospective p/e ratio is about 14, at 240p, whicb does not quite get the measure of UEI'e above average prospects for growth.

TSW falls to £1.43m

AN INCREASE in tha Channel 4 subscription from £2.22m to £2.66m helped reduce pre-tax profits at TSW-Talevision South West Holdings in the year to July 31 1985 despite a substantial fall in the Exchequer Levy.

Pre-tax profit fell to £1.43m (£1.72m) although profit after tax is higher than last year at £873,000 (£857,000). The board described the result as better than was considered possible six months ago, wben growth in advertising revenue bad slowed down across the industry.

The company says incoma from the sale of airtime continues to recovar satisfactorily and growth is again ahead of tha network.

The final dividend is 1.15p (1p), making 1.7p (1.5p) for the full year.

Turnovar was slightly higher at £23.9m (£22.26m) on increased advertising revenna of £22.62m (£21.07m). The Excbequer Levy fall from £1.19m to £602,000.

In the chairman's review last year Mr Brian Bailey, wbo was appointed executive cheirman at the beginning of this year, said the board was continuing to review proposals for activities which would increase income not subject to the punitive levels of the Exchequer Levy.

There is an extraordinary debit of £33,000 (nil) representing compensation, while earnings per 5p share are stated by the company at 4.04p (3.97p). Tax fell to £560,000 (£862,000).

IN BRIEF

HEITON HOLDINGS, the Dublin-based builder, timber importer, wbolesale distribotor and fuel merchant, has received an approach from Western International Trust Company which may or may not lead to a firm intention to make an offer. The company advised shareholders to take no action pending a further announcement.

PICCADILLY THEATRE: On October 11, Maybox Group purchased 47,305 ordinary shares in tha company, including 35,250 from Lord Delfont, at 125½p per share. Three days later Maybox purchased a further 35,250 ordinary from Mr N. G. Virani et 125½p per share. These purchases bring the total bolding of Maybox to 840,589 ordinary shares (93.4 per cent).

LONDON & OVERSEAS Freighters, the ailing UK tanker company, bas reached formal agreement with its bankers to reschedule $44m (£32m) of debt. Tha company expects to announce details of the agreement within the next two to three weeks. Its shares are currently suspended et 2p valuing the company at £1.12m. As part of the agreement the largest of LOFs' three remaining vessels, the 138,000 dwt. tanker Overseas Argonant, is being sold for $5m.

SAMUEL PROPERTIES has sold its head leasehold interest in 72-74 Brompton Road for £3,500,000. The premises occupy a prime position facing Harrods. The interest was ecquired in 1977 for £773,000 and has been sold with the benefit of an underlease, granted to Boots at the tima of purchase.

ACCESS SATELLITE International, manufacturer and supplier of work platforms for the construction industry, has set up a joint venture company in Australia. Group Property Services Pty has purchased a 50 per cent stake in Access Satallita International Pty for a consideration of A$1.15m (£575,000). The remaining 50 per cent will continue to ba beld by Access Satellite.

BRITISH SYPHON Industries has bougbt Delta Paper Sales, Essex-based paper merchant, for an expected maximum price of £240,000, to be paid in casb. For the year to end-November 1984 Delta made a profit, before interest, of £99,000 and had net assets of £114,000.

GROSVENOR Venture Managers announces that on tha initial closing date of the offer for Grosvenor Technology Fund, commitments amounting to £85m bave been received. Having raised in excess of the origioal minimum target, the sponsors, Couoty Bank and Grosvenor Venture Managers bave extended the fund's closing date to November 26.

UK COMPANY NEWS

Attwoods earns over £3m from U.S. operations

WITH THE performance from the U.S. exceeding expectations, and providing profits of £3.18m, the Attwoods group of sand and gravel extractors and waste disposal specialists has made a total pre-tax profit of £5.02m in the year ended July 31 1985. This compared with £1.7m which was earned entirely in the UK.

The U.S. result stems from Industrial Waste Services Inc during the nine months since its purchase last November. The directors are confident it will continue to expand revenues and profits in the current year, and it will be backed up by County Sanitation Inc, which was purchased in August.

The directors consider that the latest acquisition coupled with continuing expansion in IWSI will substantially increase profits anticipated from the group's U.S. operations.

Overall, the first two months of the current year have seen satisfactory trading both at home and in the U.S.

At home, Drinkwater Sabey has again increased its trading profit despite the severe winter. Available reserves of sand and gravel and landfill capacity have further increased during the year, and in particular planning permission for extraction and subsequent landfill has been granted at Pickeridge Farms, at Fulmer in Bucks.

County Sanitation operates a waste collection business in Palm Beach County, Florida. Acquisition cost was $13m funded by a term loan from Citicorp (USA) Inc. This purchase is of major significance since it is adjacent to existing IWSI operations, and consolidates the company's interests in Florida by representation in each of that state's top five counties.

Mr David Wickens chairman of Attwoods

Group turnover for the year shot up from £10.26m to £33.17m. After tax £1.82m (£808,000) the net profit comes to £3.21m (£894,000), for earnings of 11.05p (adjusted 6.9p) per share. The final dividend is lifted to 3p for a net total of 4p (3.5p).

The British Car Auction Group has a substantial minority in Attwoods.

● comment

Attwoods' pre-tax profit was a whisker or two above forecasts but it was the 60 per cent rise in earnings per share which took the share price up 7p to 120p yesterday. Another hefty rise seems assured next time round, for apart from anything else the current year will include an extra quarter from Industrial Waste Service and a first-time contribution from County. True, the interest charges would probably look horrific if we could only see what they were, with the IWS and County acquisitions taking gearing up to about 350 per cent, but Attwoods' strategy is justified by the fact that it is its U.S. activities which have emerged as the major profit generators, even after interest costs. Florida's population increase combined with benefits from the integration of IWS and County with some smaller acquisitions will bring strong organic growth this year. The UK operations will look rather tame by comparison but will show an improvement as extra aggregates tonnage comes on line. With £6.5m well within reach the shares are on an undemanding p/e ratio of 9.

Closures as profits fall by 24% at Ash & Lacy

DISAPPOINTING demand, leading to tighter margins, resulted in a fall in pre-tax profits for Ash & Lacy in the six months to June 28. However, action has been taken to deal with problem areas and with the second half beginning well directors expect an improvement in the second six months.

On turnover up by 8 per cent to £17.82m (£16.5m), pre-tax profits fell 24 per cent from £1.56m to £1.19m. Earnings per share fell from 20p to 15.6p, but the directors declared an improved interim dividend of 10p (8p) to reduce disparity.

They add that they do not expect the total payment to be higher than last year's 20p on pre-tax earnings of £2.87m.

Mr Fane Vernon, chairman, says it became evident that the Flospan relocatable building company was not going to achieve the expected success and was closed. It was also realised that there was no longer sufficient demand in the London area for two galvanising plants and the Blackwall plant was closed, concentrating activity at Poplar.

An extraordinary item of £297,000 is included to cover the full closure costs, net of tax. Mr Vernon says the group will benefit from elimination of Flospan losses, running at £150,000 a year, and an improvement in the profitability of the London galvanising operation.

Operating profit came out at £1.13m/1.49m) with other income less interest payable adding £56,000 (£64,00). The tax charge was £529,000 (£721,000), leaving profit for the period down from £837,000 to £359,000.

Senior Engineering doubled to £2.35m

ALTHOUGH Senior Engineering Group achieved s much better start to the year, compared with last, the directors say there is room for further improvement.

From turnover almost unchanged at £49.56m in the first half of 1985, against £49.25m, pre-tax profits more than doubled from £1.03m to £2.35m. Earnings per 10p share rose from 0.79p to 1.38p and the interim payment has been raised to 0.825p (0.75p).

Last there was a total payment of 1.5p from pre-tax profits of £2.87m.

Directors of this Watford-based trader in engineering products say that the period was still affected by the miners' strike and although the trading in the light engineering division was improving, a return to satisfactory levels of activity was unlikely until towards the end of the year. In addition the company had not yet corrected the poor performance of the American companies. Action was being taken but it will be some time before the benefits would be seen.

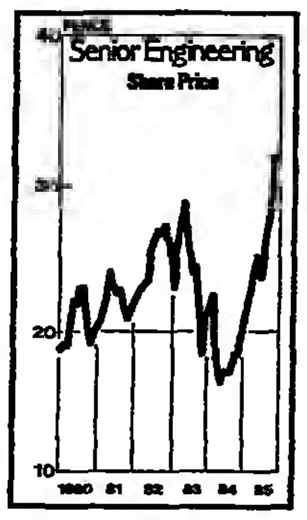
However they add that a better trading performance was generally being achieved by the UK companies. This reflects the benefits of the rationalisation of the past two years and improved orders levels compared with the beginning of the year.

It is expected that the second half will be similar to the first and a satisfactory outcome compared with last year is forecast.

Operating profit came out at £3.23m (£2.22m) with further income from investments of £379,000 (£213,000). The pre-tax figure was struck after exceptional charges of £360,000 (£323,000) and interest payable, which was cut from £1.08m to £899,000. The exceptional charges during the period related to UK redundancy costs whereas the comparable figure was mainly U.S. legal costs.

The tax charge was £987,000, against a restated £253,000.

There were extraordinary credits of £334,000 (nil), being the net surplus from the sale of two subsidiaries Ozonair Engineering and Climavent.



● comment

Senior Engineering's pilgrimage to the City yesterday was indeed a rare event, prompted presumably by a new managing director with a story to tell. And after some years of indifferent results the partial recovery in the first half was a welcome tale bearing in mind that the miners' strike still overhung much of the interim period. Profits might now get as high as £5m pre-tax, assuming just a little help from the U.S. which continues to be the most troublesome part of Senior's empire. There was a small profit in North America during the first half but the return on capital is dismal. Dropping the U.S.'s autonomy and integrating operations with UK divisions plus a few new faces at the top is Senior's answer to its troubles. But if the remedy is as straightforward as that, perhaps Senior should have grasped the problem before and so the market will remain slightly cautious about progress in the U.S. Even so, the shares still look relatively attractive on a p/e of around 9 with the backing of a 7.3 per cent yield, at 32½p, despite having outperformed the market by close to 60 per cent over the last 12 months.

Barham profits rise sharply

Barham Group, media and property services group, reports a sharp increase in pre-tax profits to £713,000 in the six months to 31 June. This exceeds the figure for the whole of 1984-85 of £582,000 and compares with £182,000 for the first-half of that year.

The board says the full benefit of recent investments in video graphics and computer type-setting is expected to become apparent next year. It expects an excellent result for the full year.

The interim dividend of 1p per 2.5p share is in line with company forecasts of 2p per share (net) for the year made in June 1984. It compares with 0.4p.

Comparison figures are adjusted by the group to take into account a subdivision in June 1985 of 12.5p shares into five 2.5p shares. The figures have also been adjusted to exclude those relating to Agency Estate Investments.

Turnover was £5.71m (£1.34m), tax represented a charge of £297,000 (£81,000) while earnings per share were stated at 4.55p (2.35p).

The results include for the first time a full contribution from all the group's subsidiaries.

Property Trust in the red and trading still difficult

A PRE-TAX loss of £2.31m is reported by Property Trust for the 15 months ended March 31 1985 compared with a profit of £876,000, and "it is clear that the company's poor trading has continued into the present year," the directors state.

"It will take time and much hard work to improve performance," they tell shareholders. The company is in the early stages of carrying out a detailed review of its investments and developments.

In the period, turnover came to £9.86m, compared with £7.29m in the previous year, on which a gross loss of £628,000 (profit £1.16m) was incurred. Adding administration expenses £1.05m (£572,000), and interest payable £797,000 (£250,000) brings the total up to £2.48m (profit £339,000), but there is other operating income £33,000 (£31,000), surplus on disposal of investment and investment properties £116,000 (nil) and interest receivable £1,000 (£6,000).

There is a tax credit of £171,000 (charge £315,000) leaving the net loss at £2.13m (profit £61,000) or 6.1p (0.2p earnings) per share.

The loss, together with a restriction of working capital arising mainly out of over-ambitious funding of developments, caused a severe shortage of cash.

The problem was solved by the acquisition of T &P Investments, whose non-property assets were sold following the decision to concentrate on property investment and development, and subsequent financial support from London Securities.

London Securities made an offer for Property Trust, but with less than 90 per cent acceptance could not compulsorily acquire the whole capital. It subsequently placed some of the shares and left itself with 46 per cent of the votes.

In August, Mr Baddrudin Virani and his son Azim acquired just under 30 per cent of the company's shares, and both joined the board—Baddrudin as executive chairman and Azim as executive director.

The company has disposed of the greater part of its portfolio of minor properties realising a total of £380,000, representing a loss against valuation of £80,000. This has led to a reduction in administration expenses of £250,000 per annum. Three substantial office properties were acquired producing a net rental income of £488,000 annually.

The development at Dorking was sold last month at a loss of some £700,000 and full provision has been made in the accounts. Short-term indebtedness had to be reduced and the price was the best in the circumstances. The office development in Edinburgh should be completed early next year, and it will be decided whether to sell or retain it as a long-term investment.

Short-term indebtedness was also reduced with sales in Chichester, Glasgow and Sutton for £3.49m. This was considerably less than anticipated and was largely caused by a cost over-run in Glasgow and by a softening of the investment market.

The company intends to re-establish its position as a UK developer and is looking for new projects. It has reduced its involvement in the U.S. and does not intend to undertake any new developments there.

BOARD MEETINGS

TODAY

Interims:—Alexandra Workwear, Harrisons and Crosfield, Walter Lawrence, P.S.M. International, Smith St. Aubyn, Sovereign Oil and Gas, Svenska Cellulosa, Time Products, Tyne Tees Television, United Ceramic Distributors.

Finals:—BM Group, Nolton, Paterson Zochonis, Peachey Property, Pict Petroleum, Synapse Computer Services.

FUTURE DATES

Interims:—

Abbey Life	Oct 21
Altilund	Oct 16
Bestwood	Oct 21
Biomechanics International	Oct 16
British and American Film	Oct 22
Bromsgrove Industries	Oct 23
Chrysalis	Oct 24
Davies and Newman	Oct 18
Dwek	Oct 25
First Charlotte Assets Trust	Oct 22
HAT	Nov 19
Hill (Philip) Investment Trust	Oct 24
Mellets Leisure	Oct 18
Normans	Nov 7
Northern Foods	Dec 12
600 Group	Nov 28
Slingsby (H. C.)	Oct 17
Upton (E.)	Oct 25
Viking Resources Trust	Oct 28
Walker (J. O.)	Oct 18

Finals:—

Baggeridge Brick	Dec 10
Pict Petroleum	Oct 15

Rand Mines Group

All companies are Members of the Barlow Rand Group

Gold Mining Company Reports for the Quarter ended 30th September, 1985

(All Companies incorporated in the Republic of South Africa)

Office of the Secretaries of the undermentioned companies in the United Kingdom, 40 Holborn Viaduct London EC1P 1AJ

HARMONY GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES OF 50 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30th SEPTEMBER, 1985

OPERATING RESULTS —ALL PRODUCTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985
Ore milled (t):	2 130 000	2 116 000
Gold—produced (kg):	8 324	8 440
—yield (g/t):	3.91	3.99
Uranium—slime treated (t):	1 434 900	1 424 400
—Oxide produced (kg):	102 100	102 100
—yield (kg/t):	0.071	0.072
Pyrite—concentrate recovered (t):	23 904	24 303
Sulphuric acid produced (t):	27 456	23 224
Total revenue (R/t milled):	91.56	83.79
Total cost (R/t milled):	60.66	55.82
Total profit (R/t milled):	30.90	27.97
Gold price received—(R/kg):	21 858	20 148
FINANCIAL RESULTS (R000's) —ALL PRODUCTS		
Revenue—Gold, silver and osmiridium	181 949	170 052
—Uranium, pyrite and sulphuric acid	13 077	7 239
Total revenue	195 026	177 291
Cost	129 209	118 112
Working profit	65 817	59 179
Sundry revenue (net)	6 313	6 868
Profit before taxation and State's share of profit	72 130	66 047
Taxation and State's share of profit	25 522	11 592
Profit after taxation and State's share of profit	46 608	54 455
Capital expenditure	25 982	37 063
Dividend declared	34 950	—

DIVIDEND

Interim dividend No. 39 of 130 cents per share was declared on 12th September, 1985 payable on or about 1st November, 1985 to shareholders registered on 27th September, 1985.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R19 292 000. The estimated total capital expenditure for the remainder of the current financial year is R184.5 million.

HARMONY No. 4 SHAFT COMPLEX

Service Shaft

This shaft was sunk 35 metres during the quarter to a depth of 1 589 metres.

GOLD HEDGING

The company has sold gold in terms of its gold hedging operations as detailed below:—

Quarter	Kilograms of gold sold	Average realisable value per kilogram sold
1985—4th	2 675	R23 490
1986—1st	2 423	R24 390
1986—2nd	1 888	R26 541
1986—3rd	1 026	R27 147

The proceeds from hedging transactions finalised during the quarter form part of revenue derived from the sale of gold.

For and on behalf of the board,
C. G. KNOBBS (Chairman)
J. R. FORBES (Deputy Chairman) } Directors

7th October, 1985.

DURBAN ROODEPOORT DEEP, LIMITED

ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH SEPTEMBER, 1985

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985
Gold		
Ore milled (t):	638 000	611 000
Gold produced (kg):	1 988.9	1 865.6
Yield (g/t):	3.12	3.05
Revenue (R/t milled):	71.42	59.82
Cost (R/t milled):	62.32	60.89
Profit/(Loss) (R/t milled):	9.10	(1.07)
Revenue (R000's):	45 568	36 550
Cost (R000's):	39 760	37 204
Profit/(Loss) (R000's):	5 808	(654)
Gold price—(R/kg):	22 911	19 612
FINANCIAL RESULTS (R000's)		
Working profit/(Loss)—Gold	5 808	(654)
Sundry revenue (net):	1 038	884
State assistance claimed/(overclaimed)	(375)	1 119
Profit before taxation and State's share of profit	6 471	1 349
Taxation and State's share of profit	—	—
Profit after taxation and State's share of profit	6 471	1 349
Capital expenditure	2 561	2 297

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R1 300 000. The estimated total capital expenditure for the remainder of the current financial year is R3.4 million.

STATE ASSISTANCE

The Government Mining Engineer has provisionally approved capital expenditure of R11 814 000 for the year ending 31st December, 1985 as qualifying for State assistance under the Gold Mines Assistance Act, 1968.

GOLD HEDGING

The company has sold gold in terms of its gold hedging operations as detailed below:—

Quarter	Kilograms of gold sold	Average realisable value per kilogram sold
1985—4th	759	R23 375
1986—1st	780	R24 108
1986—2nd	448	R24 911
1986—3rd	280	R26 330

The proceeds from hedging transactions finalised during the quarter form part of revenue derived from the sale of gold.

For and on behalf of the board.
C. G. KNOBBS (Chairman)
H.G. MOSENTHAL (Managing Director) } Directors

7th October, 1985.

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH SEPTEMBER, 1985

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985
Gold		
Ore milled (t):	530 000	518 000
Gold produced (kg):	3 272.0	3 333.6
Yield (g/t):	6.17	6.44
Revenue (R/t milled):	137.25	121.77
Cost (R/t milled):	84.18	79.40
Profit (R/t milled):	53.07	42.37
Revenue (R000's):	72 742	62 837
Cost (R000's):	44 614	40 972
Profit (R000's):	28 128	21 865
Gold price received—(R/kg):	22 231	19 838
FINANCIAL RESULTS (R000's)		
Working profit: Gold	28 128	21 865
Working profit: Uranium oxide	4 377	4 218
Sundry revenue (net):	1 844	2 731
Profit before taxation and State's share of profit	34 349	28 608
Taxation and State's share of profit	19 272	14 924
Profit after taxation and State's share of profit	15 077	13 684
Capital expenditure	5 259	5 138
Dividend declared	—	21 600

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R1 931 000. The estimated total capital expenditure for the remainder of the current financial year is R14.2 million.

TRIBUTE AGREEMENT WITH DRIEFONTEIN CONSOLIDATED LIMITED

In terms of a tribute agreement between Driefontein Consolidated Limited, and this company, concluded on 26th July, 1984, a share of profits amounting to R1 061 000 is due to that company for the quarter ended 30th September, 1985. This amount has been taken into account in determining "Sundry revenue (net)."

GOLD HEDGING

The company has sold gold in terms of its gold hedging operations, as detailed below:—

Quarter	Kilograms of gold sold	Average realisable value per kilogram sold
1985—4th	1 319	R23 462
1986—1st	1 273	R24 828
1986—2nd	827	R26 223
1986—3rd	547	R27 029

The proceeds from hedging transactions finalised during the quarter form part of revenue derived from the sale of gold.

For and on behalf of the board,
C. G. KNOBBS (Chairman)
H. G. MOSENTHAL (Managing Director) } Directors

7th October, 1985.

EAST RAND PROPRIETARY MINES, LIMITED

ISSUED CAPITAL: R5 544 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 30TH SEPTEMBER, 1985

OPERATING RESULTS	Quarter ended 30.9.1985	Quarter ended 30.6.1985
Ore milled (t):	750 000	708 000
Gold produced (kg):	2 710.5	2 605.9
Yield (g/t):	3.61	3.68
Revenue (R/t milled):	81.77	75.93
Cost (R/t milled):	[illegible]	76.96
Profit/(Loss) (R/t milled):	[illegible]	[illegible]
Revenue (R000's):	[illegible]	[illegible]
Cost (R000's):	[illegible]	[illegible]
Profit/(Loss) (R000's):	[illegible]	[illegible]
Gold price received—(R/kg):	[illegible]	[illegible]
FINANCIAL RESULTS (R000's)		
Working profit/(Loss)—Gold	[illegible]	[illegible]
Sundry revenue (net):	[illegible]	[illegible]
State assistance claimed	[illegible]	[illegible]
Profit before taxation and State's share of profit	[illegible]	[illegible]
Taxation and State's share of profit	[illegible]	[illegible]
Profit after taxation and State's share of profit	[illegible]	[illegible]
Capital expenditure	11 780	[illegible]

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R20 900 000. The estimated total capital expenditure for the remainder of the current financial year is R12.2 million.

STATE ASSISTANCE

The Government Mining Engineer has provisionally approved capital expenditure of R29 548 000 for the year ending 31st December, 1985 as qualifying for State assistance under the Gold Mines Assistance Act, 1968.

GOLD HEDGING

The company has sold gold in terms of its gold hedging operations as detailed below:—

Quarter	Kilograms of gold sold	Average realisable value per kilogram sold
1985—4th	898	R23 475
1986—1st	561	R24 102
1986—2nd	579	R26 433
1986—3rd	442	R27 538

The proceeds from hedging transactions finalised during the quarter form part of revenue derived from the sale of gold.

For and on behalf of the board,
C. G. KNOBBS (Chairman)
J. R. FORBES (Deputy Chairman) } Directors

7th October, 1985.

GENERAL NOTES

1. All financial figures are subject to audit.
2. Costs for the September quarter reflect the full effects of the increase in wages and salaries, granted in May and June and black wages in July and September.

TECHNOLOGY

EDITED BY ALAN CANE

Search for cheaper thin film bonding

Less expensive flat screen TVs could be just one benefit of silicon research, reports Peter Marsh

ELECTRONICS companies around the world are exploring new ways to build thin films of silicon onto inexpensive substrates for applications as diverse as flat-screen TVs and cheap solar cells.

In Jepan, companies sucb as Citizen, Toshiba, Matsushita and Sharp are working on thin film devices used either to turn light into electricity in solar cells or to activate liquid-crystal displays for TVs or office-equipment.

IBM, Philips of the Netherlands and the UK's GEC are also conducting researcb in this area, while Plasma Technology, a small British company in Bristol, is trying to formulate new techniques to "grow" thin films of silicon onto plastic, a goal that could greatly reduce the costs of the devices.

The stumbling block, in this last case, is to find a way to coat plastic with layers of ailicon in a low-temperature process (below 100 deg C) so that the plastic will not melt. Conventional thin film techniques in which the substrate is glass or a ceramic material, require a temperature of 200-300 deg C.

In thin film technology, a coating of material perhaps 0.5 to one micrometres thick is laid onto a substrate by vapour deposition. This involves a substance such as silicon in a gaseous form settling on a much thicker substrate atom by atom. An alternative technique is to use sputtering, in which atoms are fired at a surface from a device such as a discbarged tube.

The electronic characteristics of the silicon are then cbanged by conventional doping techniques, in whicb ions such as boron and arsenic are impregnated into the lattice structure to build up a series of transistnrs that act as switches.

To build a large display based on this technology, liquid-crystal cells are placed immediately above the silicon. The transistors change the electric field in adjacent cells, altering the reflectivity of the crystals to register either a light nr dark area on the display.

Several Japanese companies are producing small TV displays (about two incbes square) using this technology. Philips, at its research laboratories in Redhill, Surrey, is working on similar techniques wbile GEC's Hirst Research Laboratory in London aims to produce a flat six incb by eight inch liquid-crystal display for business computers as an alternative to conventional cathode-ray tubes.

Thin silicon film can slso be used as s pbotovoltaic cell. The overall cost of the device is reduced due to the small amount of silicon that is used.

Sharp of Japan, using thin-film technology developed by Electronic Conversion Devices of the U.S., has built solar cells of this kind based on a substrate of stainless steel. Such cells could provide electricity in applications ranging from pocket calculators to space satellites.

Engineers working with thin film techniques do not use single-crystal silicon—the form of the element used in conventional silicon chips—wbere the silicon atoms are spaced in a regular lattice arrangement so that dopants can be easily introduced to tailor the electronic properties of the semiconductor to a specific application.

Because it is difficult to "grow" single-crystal silicon on top of a non-silicon substrate, engineers working with thin films have to use either amorphous silicon (in which the atoms are arraoged randomly) or the polycrystalline form in which the regular lattice-like structure of the atoms breaks down at grain boundaries.

Although it is harder to turn the less-ordered forms of silicon into useful electronic materials, they lend themselves to low-temperature manufacturing processes. To ensure single-crystal silicon devices retain their good electronic properties, they often have to be heated to temperatures above 1,000 deg C in an annealing process to repair defects in the lattice structure.

In the most common process for building a layer of amorphous silicon on a surface such as glass, gaseous silane (silicon hydride) is turned into a plasma of hot ions of silicon and hydrogen in a vacuum chamber at about 250 deg C. The plasmas is obtained by nbtained by striking an electric arc across the container.

As a result, silicon and hydrogen atoms (in a rough ratin of 10 : 1) grow on the substrate. The hydrogen atoms play an essential part in bonding with some of the silicon in the film to make the structure less random, improving the electronic propetries.

Plasmas Technology, which sells plasma deposition machines to the world's semiconductor industry, is exeprimenting with reducing the temperature of the process to less than 100 deg C so that plastic substrates can be used.

Bonding the silicon with plastic is not a problem. But at lower temperatures, more hydrogen atoms remain in the film than are desirable and makes the layer less useful an as electronic medium.

The Bristol company is trying to solve this problem in a joint programme with Edwards High Vacuum (makers of vacuum equipment for such things as furnaces) and an unnamed British electronics enterprise.

BP, Cambridge University'a engineering department, and a microelectronics research centre at the University of Leuven in Belgium are also helping Plasma Technology in this wnrk.

Other scientific gronps working on amorphous-silicon techniques in Britain are at London'a Imperial College, Heriot-Watt University in Edinburgh and the universities of Leicester and Dundee.

Honeywell pushes on towards fully compatible machines

HONEYWELL is well on the way to achieving full compliance across its entire range of computers with the communications standards specified by the International Standards Organisation in its seven layer "open systems interconnect" model.

This defines the layers — or levels of activity—at which computers nr terminals should be able to interact in all respects.

Honeywell says it is now complying with the bottom four layers and its implementation of the top three are a "best guess" of the standards the ISO has yet to finalise.

A few weeks ago, IBM made a similar announcement when it released a program supporting layers four and five. It is called "npen systems transport and session support," or OTSS. IBM already has products supporting layers one, two and three.

The ISO model breaks the open systems standards framework down into seven conceptual levels of communications activity. At the lower levels it deals with the physical means of sending data over lines—essentially amps, volts and bits.

Higher levels deal with the language of transmission and strictly define how the data is arranged for sending down the line. An analogy is the international language problem. An Englishman with no French cannot understand a Frenchman even though the words are composed of the same letters and words.

Yet higher levels deal with the format and content of the documents being sent. (Even if one knew French, would one understand the subject matter?)

Upper level of ISO-7 deal with the nature of the application itself—continuing the analngy, what are the overall objectives nf the Frenchman and Englishman at the two ends of the line? In information technology, this might signify a company talking to its suppliers, nr managers talking to each other at different sites of the same company.

Video disc still fighting for a role

Video & Film

THE MOST maligned, misunderstood and mismanaged medium of the television age — the video disc — is in the news again, and now looks set to confound its most cynical critics. Since its commercial launcb nearly seven years ago in Atlanta (ignoring the even earlier false start of Telefunken'a ten minnte wonder), the video disc has had a dismal and protracted infancy. Only in Japan and to a lesser extent the U.S. bas it achieved mnch credibility as a consumer medium — although signs nf renewed interest in the bome video industry suggest that Britain and other countries may yet adnpt it as a mass consumer product.

The reason for the survival and continuing progress of the video disc, in spite of mixed domestic support, has been the booming business nf interactive video — atracted by the marriage of moving pictures to the computer as a means of providing a highly flexible method of training and communication.

The applications are now legion and new ones seem to surface every week. The biggest project in the UK bas been the Lloyds Bank contract for an interactive optical disc network at 1,500 key branches. Other, more recent noteworthy applications include a medical training programme in the U.S. called Medcom, which is probably the most ambitious aingle disc so far — 23,000 visual images and 85 bours of compressed audio sound; an interactive visual "directory" in Edinburgh for teaching deaf children words and definitions; and a prediction from the BBC —following its buge Domesday project due for release next year — that other interactive video disc programmes will follow, probably on natural history, language learning and science.

Meanwbile, the Domesday project, which will produce a modern version of the Domesday book on two video discs, is on course mnch as reported in this column last November. About 1m people in Britain are now contributing data to the programme, including pupils and teachers at 13,000 schools.

Most of the running in these developments has been made with the LaserVision optical disc introduced by Philips and later adopted by Pioneer and Sony. Keeping up with LaserVision has been hard going for its Japanese rival, VHD, especially in the UK—until this month the only territory outside Japan where it was available. The U.S. and France now join the ranks of VHD countries but Japan still remains the only territory where the format sells tn consumers as well as industrial users. This Japanese domestic market has led JVC, the inventors of VHD, to predict a large rise in player sales there this year—about 300,000 compared with 130,000 last year.

The UK supporter of VHD, Thorn EMI, bas concentrated wholly on institutional markets, which is where the battle with Philips, Pioneer and Sony has been fought. Ironically, in the midst of Thorn EMI's preparations for selling off its entertainment movia business, the separately managed video disc division is finding an untapped market for VHD in pubs and discotheques.

The unexpected outlet, using a smartly designed video juke box, is giving Thorn EMI a toehold in Europe for the VHD system. The penetration at present is small—by end 1985 about 1,000 units should have been installed in the UK and a number of European countries. But with 65,000 pubs in Britain alone, the market potential is obvious.

The attraction of Thorn EMI's video juke box is in the economics. A basic unit incorporating three VHD players, TV and associated hardware costs about £5,000 and Thorn EMI provides a monthly 'up-dating of the 45 pop videos which pub customers can play at 30p per spin. Thorn EMI claims that an average site can collect £600 a month—showing more than 200 per cent profit on running costs.

Other advantages of the video juke box include a simple videotex system for local message displays addressed to customers and a dedicated disc which can be programmed to play video commercials at regular intervals.

In Japan, JVC is trying harder to give VHD a technical edge over LaserVision by such moves as the introduction of a mini video disc player, and the development of an experimental VHD system for higb definition TV still pictures. It has also announced a 3D stereoscopic system for VHD, which uses viewing spectacles with liquid crystal filters electronically switched to momentarily obscure the vision — alternating between left and right eyes to synchronise with the field scanning of the TV picture. The disc is likewise programmed to provide left and right eye images in turn.

It seems doubtful that such developments, which verge on gimmickry, can really capture the public imagination. It is the painstaking developments in interactive video which are showing the true merits of this medium — and in time this new kind of motion picture grammar must spill over into the public domain, mnch as it did wben film-makers like Griffiths and Eisenstein showed that cinematography was more than just a fairground novelty.

The problems suffered by the video disc in this period of gestation are the same as those experienced by the cinematograpb —indeed by Baird with television ("interesting — but what'a the use of it when you've got it?")

Now Thorn EMI is divesting itself nf the movie and home video business, it almost puts the clock back. But with VHD, it is still left with a video disc commitment, which could logically take Thorn EMI right back into the leisure movie business.

JOHN CHITTOCK

Pub potential: Thorn EMI Videodisc's VJB jukebox launched early this year.

Photograph printer that needs no plumbing

JAPANESE PHOTOGRAPHIC company Konica has developed a mobile, self-contained colour film and print processing system which is computer controlled and needs no water supply or plumbing connections. The usual intermediate and final washing stages have been replaced by chemical buffering and neutralisation.

Called "Nice Print," the system is aimed at photographic dealers and chemists. More than 700 have already been sold in Japan and the U.S.

There are three separate units for colour film processing, colour printing and paper print processing. Together they occupy no more than 20 square feet of floor space.

Film sizes of 110, 126 and 35mm can be processed and printed onto four inch wide paper, giving six by four inch prints in the case of 35mm films. Processing rates are between 26 and 64 rolls an hour and the paper processor produces up to 510 prints an hour.

All the chemicals are supplied in sealed containers as a kit and are plugged into receptacles on the machines.

More from Konica on 01-751 6121.

Kratos funds professorship

Spectros International, an instruments company with a British base in Manchester, is sponsoring a new chair in mass spectrometry at the University of Warwick near Coventry. The support is coming from Kratos Analytical, a division of the company.

Mass spectrometry is widely employed in chemistry laboratories for analysis of substances. For instance it has been applied heavily in recent months in testing wines or diethylene glyso.

FT COMMERCIAL LAW REPORTS

Broker not bound by commodity custom

DREXEL BURNHAM LAMBERT INTERNATIONAL NV v NASR AND ANOTHER
Queen's Bench Division (Commercial Court): Mr Justice Staughton. October 1 1985

WHERE a broker in the gold and silver commodity markets threatens to close the positions of clients who have failed to pay margin requirements, he is not bound to close nor to inform them if he does not intend to close, although it is customary to do so, in that the practice is not recognised in the markets as imposing a binding obligation.

Mr Justice Staughton so held when giving judgment for commodity broker, Drexel Burnham Lambert International NV, in its action against a client, Mr Abou Al Nasr, for money owed on his account. Drexel's claim against the second defendants, Etablissement Abou Nasr El Bassanti as Mr Nasr's alleged principal, failed. A counterclaim by Mr Nasr also failed.

HIS LORDSHIP said that Drexel carried on business in New York, London, Geneva and elsewhere. It claimed that Mr Nasr, one of its clients, owed it $2,984,230 on his account. His defence was that Drexel failed to close his positions as soon as it should have done.

The particular commodities concerned ware gold and silver on tha London market, gold on the Comex market in New York, and Swiss francs.

It was agreed that the London gold and silver dealings between the client and Drexel were contracts of purchase and sale between principals; but in relation to Swiss francs and Comex gold, Drexel acted as agent for the client when it bought or sold on the market.

One consequence was that an open contract for the purchase of Swiss francs or Comex gold would be "closed" or "closed out" if Drexel made a matching contract on the market for the sale of the same commodity with the same delivery date, on behalf of the client. But an open contract for the purchase of London gold or silver would be closed simply by Drexel agreeing to buy the same commodity from the client.

The commodity customer's agreement, signed by Mr Nasr on August 27 1982, provided for the payment by him of margins, as required by Drexel.

In general a margin was the deposit required by a broker for making or continuing to hold a contract for the future purchase or sale of e commodity, in case the market price should fall when the customer had agreed to buy, or rise when he had agreed to sell.

There was the original margin, required when the contract was first made, and there might be a variation margin if the market price changed between date of contract and time for performance.

A second aspect of Drexel's margin requirements was that if it held the client's physical gold or silver as security for his obligations, the value might be affected by a fall in the market price. The margin was thus a secondary security against tha fall in value of property which was itself security for performance of the client's obligations.

On February 21 1983 tha client's positions were that be (i) had a cash balance with Drexel of over $22m overdrawn; (ii) held 135 contracts of 100 ozs each for the future purchase of gold on tha Comex market; (iii) held contracts for the future purchase of 24,000,500 Swiss francs; (iv) had 40,000 oz of spot gold or the paper equivalent with Drexel; (v) had 20,000 oz of spot silver or the paper equivalent with Drexel.

Drexel calculated a net equity eredit of $948,600 which was deducted from its margin requirements of $1,611,500, leaving an amount to be covered of $722,900. In a telex it requested a transfer of $700,000, but no money was paid by the client then or later, save for a cheque for $500,000.

On February 22 the positions were the same hut market prices had deteriorated somewhat. A second telex was sent by Drexel. In tha evening, on instructions, it sold 5,000 oz of gold for the *client's account.*

On February 23 prices had fallen further. Drexel's total requirement was $2,176,579. It sent a telex requesting that amount. On February 24 it calculated a total requirement of $2,147,145. It sent a telex requesting $1.5m.

On February 25 its internal calculations showed a requirement of $1,530,860. On February 28 the client placed orders for sale of 15,000 oz and later 20,000 oz of London gold. On being instructed later still to buy 3,500 oz of London gold Drexel maintained it would not open a new position until sent $3.5m. On March 4 it sold the Swiss francs for the client's account, and purported to close his positions in silver.

The case for the client was that in telex and telephone communications Drexel had contracted to close all his positions et 3 pm London time on February 24 if it had not received $1.5m from him by then. Since he did not pay, Drexel was obliged to close the positions and the client was entitled to be placed in the same situation as if they had been closed.

Drexel's case was that there was no promise, that it was not bound to close the positions on Fabruary 24, and that it did not do so.

If the client was right, nothing was due to Drexel, and $362,349 was due to him on his counterclaim. If Drexel was right, it was entitled to judgment for $2,984,230, and the counterclaim would fail.

The vast difference between the figures was for the most part explained by a dramatic fall in the price of gold between 3 pm London time on February 24 and February 28, and a decline in tha value of silver and Swiss francs between February 24 and March 4.

The promise upon which the client's case was founded was said to have been either express, or to be implied from the practice of the trade.

Examination of the telex correspondence and oral communications disclosed no express promise to close at 3 pm on February 24.

The implied term proposed by Mr Walker for the client was that when there was a timed threat to close if a condition was not met, and it was not met, then the position would be closed. The term was said to be implied by, *inter alia,* "the custom and practice of commodity brokers."

Expert evidence as to custom and practice was given on both sides. Neither expert went so far as to say that once e threat to close had been made it must inevitably be carried out. After all, market conditions might change and margin might no longer be necessary.

But both agreed that it would be, at the least, good practice for the brokers to inform their customer if they decided not to close the account. Neither could recall a case where that had not been done.

That was not sufficient to establish a term to be implied by reason of custom or practice. There was no evidence whatever that it was recognised in the markets concerned that a broker was obliged to close unless he had told his client that he would not do so.

In *Bettany (1900) 16 TLR 401, 402* Mr Justice Mathew said it had been "laid down over and over again that the way to prove a custom was to show an established course of business, at first contested but ultimately acquiesced in" (See also *Stag Line (1950) 83 Ll LR 356, 359-60).*

Evidence of what always happened in e particular market was not by itself enough to show a binding practice. For example, it might be universal practice for contracts to be typed on A4 paper in black ink. It did not follow that a contract typed on some other paper in red ink was invalid.

What had to be shown was that the practice was recognised as imposing a binding obligation. The evidence did not come near to establishing that in the present case.

As an alterative to breach of contract, Mr Walker relied on estoppel.

Promissory estoppel was often necessary in the absence of anything which could technically be called consideration. But that was not the present situation.

Tha client's arguments based on contract failed because there was no promise. It would be, at least, unusual that words which were insufficient to constitute a promise should nevertheless be a sufficient representation to give rise to a promissory estoppel. There was no sufficient representation.

Mr Walker also submitted that Drexel owed a contractual duty to use reasonable skill and care to ensure as far as possihle that clients were protected from losses.

No douht when Drexel was acting as agent it owed some duty of care to its client, but in the man-made jungle of the commodity markets, red in tooth and claw, its duty was not as wide as that proposed by Mr Walker.

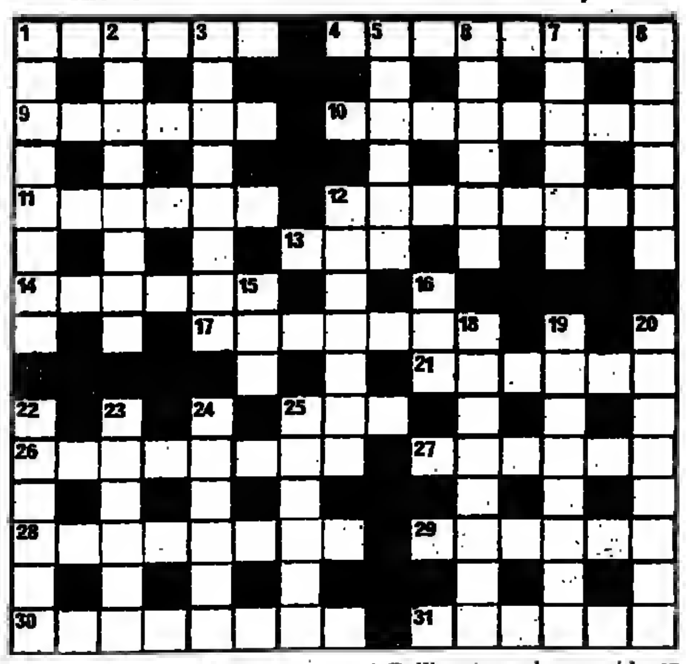
It was not obliged, for example, to advise its clients whenever it considered they were likely to suffer losses, or to close their positions if it thought it in their interest to do so. The duty went no further than to use reasonable skill and care in carrying out clients' instructions.

There would be judgment for Drexel against Mr Nasr for $2,984,230.

For Drexel: Christopher Bathurst QC and Michael Brindle (Freshfields).

For Mr Nasr: Ronald Walker QC and Brian McClure (Steggles Palmer).

F.T. CROSSWORD PUZZLE No. 5,847



ACROSS

1 and 4 Positions in the services? (6, 8)
9 Followed, being persistent (6)
10 A bird's supporter — a plant (8)
11 Deserter to beat or cane (6)
12 Poet who set "nonny" in certain way? (8)
13 Beer container tax (8)
14 Some anthrax I'll attend to under the arm (6)
17 Soak takes in name for ornamental edging (7)
21 A small arm that is just short of the coin (6)
25 Pan, for example, contributes to cooking odour (3)
26 Needless adornment for trifles (8)
27 Gee-gee gone astray? Drink this pick-me-up! (6)
28 Get outside or I exert order! (8)
29 Person isn't dismissed. But appeal is (3, 3)
30 To make hair untidy she'd live in rough (8)
31 A longing for food is accepted (6)

DOWN

1 Tree person who came from the Council? (8)
2 Drunken attack doesn't give one much room (5, 8)
3 Slave or learner wearing protective garment (8)
5 Seafarer to achieve objective (6)
6 Pulling towards one sida or the other (6)
7 Is boot built up for player? (6)
8 Took it easy in hockey's ending, having smooth finish (6)
12 Incredible lad's chest (7)
15 Excellent card (3)
16 Unending desire to dance (3)
18 It includes service in the games room (4-4)
19 Carriage in which there's trust to support man (8)
20 Blasted lamp in sleeping place (8)
22 Love's very strong to complete hurt feelings (6)
23 Battered hat with suit mostly arranged for the break (6)
24 Analyse after start of sentence: "It is not dense" (6)
25 Get into it to be in fashion in the States (6)

Solution to Puzzle No. 5,846

APPOINTMENTS

Managing director at Alex. Duckham

Mr Charles Hogbin has been appointed managing director of ALEXANDER DUCKHAM AND CO, the lubricants company. Mr Hogbin has spent his career in the oil business.

*

Mr Stephen Meldrum and Mrs Carolyn Nightingale have been appointed directors of CANNON ASSURANCE. Mr Meldrum has been actuary of Cannon since 1978 and is also director of administration. Mrs Nightingale joined Cannon, which is part of the Cannon Lincoln Group, from the parent company Lincoln National Life this year. Mr Sid King has been appointed director of sales with responsibility for Cannon's direct sales force.

*

UNITED GLASS CONTAINERS has appointed Mr Eric Palmer to be general export manager, with responsibility for operations and the exploration of new markets. Mr Palmer was previously the company's marketing manager.

*

Mr Barry St G. A. Reed, chairman of Austin Reed Group, has succeeded Mr George Young, chairman of Jaeger Holding, as chairman of the BRITISH KNITTING AND CLOTHING EXPORT COUNCIL.

*

Mr Brian Blunden has been appointed managing director of PIRA from January in succession to Dr Keith Bridge. For the past five years Mr Blunden has been director of the printing and information technology division.

*

Mr Peter Lowa has been appointed franchise director at SWINTON INSURANCE with responsibility for the development of its franchise scheme. Mr Lowa was an associate director.

*

Mr John C. Garner has assumed responsibility on behalf of E. W. PAYNE COMPANIES for the co-ordination and liaison of North American activities within the E. W. Payne Group. Mr Michael J. Wybar has joined as managing director of the North America division and has been appointed a director of E. W. Payna Ltd. Mr Derek R. Collins and Mr Frank H. Hitchman have also been eppointed directors of E. W. Payne Ltd.

CONTRACTS

Mixed batch for Farrans

FARRANS (CONSTRUCTION) has been awarded e contract for construction of Crown and County Courts at Norwich. The work is valued at £5m. Other orders include a commissary store at RAF Lakenheath at £4.5m; rehabilitation work at Bishop's Stortford, valued at £0.5m and at Lakenheath at £0.75m. A sheltered residential development at Enfield worth £5.5m will soon start, as will 34 apartments at Harrow (£2m) and a roadworks contract at Aylesbury at £0.5m. The company expects to secure e corrective training centre in Colchester at £5m.

In Scotland work has started on refurbishment of offices and factory accommodation at Glenrothes and similar work at Livingston for the local development corporation. These contracts are valued at £1.5m.

Improvement of Crow Road in Glasgow (£1.6m) and construction of bridgeworks and roadworks at Torrance, worth £700,000, have started. Residential developments worth a total of £8.5m are underway in Glasgow, Irvine and Edinburgh and work is soon to start on a similar development at Coatbridge where the value is £2m.

Contracts awarded in Northern Ireland include upgrading and rehabilitation work at Glenard for tha Northern Ireland Housing Executive, where 500 to 600 home dwellings are involved and the work is valued at £6m. A development of 50 bomes (£2m) is to start shortly at Lisburn.

*

A £2m contract for refurbishment and alterations at St Paul's and Chancery Lane Underground Stations on the Central Line has been awarded to MOWLEM MANAGEMENT by London Regional Transport. In a restricted area below street level, work within the existing ticket halls has started to provide new ticket offices and staff accommodation at both stations. At platform level, tunnel walls ere to be relined and decorated, the platform is to be taken np and relaid and a number of side shaft tunnels and concourse areas are to be fitted as stores and offices. The last operation will be refurbishing the escalator shafts. Work to platforms, tunnels and escalators will be carried out at night. Completion of the ticket offices will he during this month and the overall project will be completed by December 1986.

*

PLESSEY has won a £2.5m contract from Short Brothers of Belfast for an aircraft integrated monitoring system (AIMS) for the new RAF Tucano basic trainer. First deliveries of the 130 systems will begin in 1986. AIMS has been designed by Plessey Avionics to record engine life structural fatigue information, whila simultaneously recording accident data and voice communications. Provision has been made to transfer the accident data record's information to portable equipment for analysis of incidents or accidents, eliminating the need for equipment removal. Display of engine and structural informetion is through a hand-held unti which transfers the data to ground based computers for analysis.

*

ANDERSON STRATHCLYDE has won a £6.6m order from China for mining machinery.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd.
66 Cannon St, London EC4N 6AE. Dlg. 01-236 3885

International Growth	88.7	94.4	+1.6	2.00
Income & Growth	42.4	44.9xd	+0.4	3.20
Special Situations	50.5	53.8	-0.2	1.40
American Growth	25.6	27.3xd	+0.2	1.10
Japan Growth	34.1	36.3	+0.1	—
European Growth	38.3	40.9	+0.5	3.30
UK Growth	39.8	42.4		
Pacific Growth	32.0	34.2	+1.3	1.80
High Income	28.0	29.9xd	+0.2	7.40
Practical Income Units	40.9	43.5xd	+0.2	3.1
Practical Accum. Units	73.5	78.3xd	+0.5	3.1

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	64.4	68.5	+0.3	3.19
Accum Units	95.2	101.3	+0.5	3.19
Pearl Inc.	90.5	96.3xd	+0.7	5.11
Pearl Unit Tst.	95.8	101.9	+0.6	4.03
(Accum. Units)	161.9	172.3	+1.0	4.03

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	190.4	204.3	+1.6	1.96
Income	144.6	154.9xd	+1.1	5.36
Worldwide Recovery	105.1	112.8	+0.8	2.71
American Growth	52.2	56.0	+0.4	1.13
Intl. Emerging Cos.	58.4	62.7	+0.6	0.75
Far East Growth Fd.	50.4	54.1	+0.4	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	111.4	119.4xd	+0.6	0.23
Prolific Extra Inc.	64.0	68.1xd	+0.8	5.85
Prolific Gilt Cap.	94.1	97.9	-0.4	3.14
Prolific High Inc.	139.2	148.1	+1.6	5.03
Prolific Intl.	82.9	88.0xd	+0.5	1.93
Prolific N. Amer.	107.1	114.7	+0.9	2.47
Prolific Spec. Sits.	151.7	161.4	+1.3	1.49
Prolific Technology	94.2	100.9	+0.4	0.78

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	53.8	57.0xd	+0.5	—
Worldwide	49.1	52.0xd	+0.1	1.90
European Trust	56.0	59.3	+0.2	2.00
North American	45.7	48.4	+0.4	2.49
UK Equity	52.3	55.4	+0.3	3.84

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-59, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst.	324.9	345.6xd	+1.6	3.71
Holborn European Trust	48.7	51.8	...	1.08

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)
99-101 London Rd, Sevenoaks. 0732 450161

Equity Dist.*	219.9	232.6	—	4.07
Equity Acc.*	261.0	276.1	—	4.07
Fixed Int. Dist.†	119.6	123.9	—	10.91
Fixed Int. Acc.†	168.8	174.9	—	10.91

*Prices on Oct 9. Next dealing Nov 13.
†Prices on Oct 2. Next dealing Nov 6.

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	88.2	93.9	+0.9	1.55
Do. Accum.	91.8	97.7	+0.8	1.55
TSB Extra Income	85.6	91.1	+0.9	6.37
Do. Accum.	98.3	104.9	+1.1	6.37
TSB General	123.0	130.8	+0.6	3.36
Do. Accum.	199.3	212.0	+1.1	3.36
TSB Gilt & Fxd Int.	48.0	50.0	—	9.18
Do. Accum.	59.8	61.9	—	9.18
TSB Income	171.0	181.9	+1.2	4.93
Do. Accum.	257.8	274.4	+1.8	4.93
TSB Pacific	107.8	114.7	+0.5	0.70
Do. Accum.	110.5	117.6	+0.5	0.70
TSB International	230.0	244.7xd	-0.8	2.04
Do. Accum.	282.2	300.3	+1.5	2.04
TSB Natural Resources	43.1	45.9xd	+0.1	2.15
Do. Accum.	43.9	[illegible]	+0.1	2.15
TSB Spec. Opps.	47.8	50.[illegible]	+0.4	2.24
Do. Accum.	52.8	[illegible]	+0.4	2.24

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	65.0	69.5	+1.3	0.1

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	62.4	66.7	+1.9	0.63
Australia	32.2	34.4	+1.8	0.10
Commodity	82.2	88.4	+0.2	2.92
Energy	37.3	39.9	+0.1	2.30
Equity	104.1	111.1	+0.9	3.55
European Spec. Sits.	59.6	63.7	+0.5	1.24
Extra Income	92.5	98.9xd	+0.1	7.25
Financial	207.6	221.4xd	+1.7	2.46
Gilt Capital	226.8	237.5	...	3.25
Gilt Income	102.0	106.8	+0.4	8.36
Gold Income	56.8	60.7	+0.3	1.99
Gold Acc.	102.6	109.7	+0.4	1.99
Income	64.5	69.3xd	+0.7	5.66
Japan	51.1	54.5	+0.6	0.10
Malaysia & Singapore	22.6	24.1	-0.2	0.99
Pacific Income	65.2	69.7xd	+0.6	0.39

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$12.61		—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.37	+0.04	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$10.57	+0.11	—
Dynamic Gwth Fd	$9.57	+0.13	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.30		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.31	8.46	12.42	Mth
7-day Fnd	11.50	8.63	12.70	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.62	8.46	12.78	6-Mth
7-day Fund	11.08	8.29	12.18	6-Mth
Dollar	6.87	—	—	6-Mth
Money Mngt. Acct	11.00	8.22	12.27	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chq Acc	11.25	8.00	11.78	Qtr
Aitken Hume 30 City Road, EC1V 2AY. 01-638 6070				
Treasury Acc	11.25	8.41	12.98	Qtr
Mth. Int. Chq.	11.125	8.32	12.56	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4 01-283 9111				
DIBCA	11.50	8.60	12.95	—
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.00	8.25	12.18	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.13	8.32	12.34	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Money Market Plus	—	9.57	14.20	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	11.00	8.22	12.27	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	11.50	8.59	12.76	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	11.00	8.22	12.18	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighInt Cheque Account	11.25	8.25	12.33	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
M.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc	10.70	8.00	11.92	Qtr
£10,000 +	11.17	8.35	12.47	Qtr
Provincial Trust (formerly Chesterfield) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.22	12.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.83	8.10	12.05	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	11.16	8.34	12.45	Qtr
Money Acc	11.05	8.25	12.31	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	11.15	8.33	11.90	Mth
Over £10,000	11.40	8.52	12.17	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc	11.69	8.74	12.40	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of UDV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	6	Nat West Bk	55
BTR	35	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	38	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	39	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min	3½
GKN	20	Brit Petroleum	45
Hanson Tst	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Shell drops $300m China coal plan

BY MAURICE SAMUELSON

ROYAL DUTCH/SHELL has pulled out of a joint plan with the Chinese authorities to develop a large coal mine in China at an estimated cost of $300m.

The project, which would produce up to 4m tonnes of power station coal a year, is the Jining Number Two deep mine in Shandong province, about 200 miles south east of Beijing, the capital. It would have been Shell Coal International's first involvement in a Chinese coal project.

The company, which would have purchased half the mine's annual output, revealed its decision yesterday in a statement strongly stressing its continuing goodwill towards China and avoiding any suggestion of serious differences between the two sides.

It said that its decision not to proceed had been taken after "amicable discussions" with the China National Coal Development Corporation, that they valued their "excellent relationship" and wished to continue to seek new opportunities to cooperate "on the basis of equality and mutual benefit."

Shell blamed the decision simply on "technical and economic factors" and said the Chinese respected its decision.

Shell is understood to have pulled out because of the discovery, during its feasibility study, of serious faulting in the coal seams, which would have made it technically and financially too risky if carried out in accordance with free market discipline. Significantly, Shell has still not completed the feasibility study, being carried out over an 18-month period at a cost of some $20m.

The Chinese, while accepting Shell's assessment of the risk, employ different financial criteria and could well decide to develop the mine without Shell.

One of Shell's main motives for putting a brave face on the decision is its anxiety to safeguard its stake in several oil exploration projects off the Chinese coast as well as its prospect of further involvement in China's plans to expand its coal industry.

Although large by European standards—Britain's Selby coalfield will yield 10m tonnes a year—the Shandong mine is by no means the biggest in China's ambitious plan to expand national coal output from 700m to 1.2bn tonnes a year by the end of the century.

The largest proposed project is the 15m tonnes a year open cast pit in the northern Shanxi province in partnership with Occidental Petroleum Corporation of the U.S.

Under the original plan the mine would have begun producing coal by 1990.

Slower growth forecast for futures markets

By Andrew Gowers

FUTURES MARKETS are unlikely to maintain the hectic growth rates they have displayed over the past few years, according to a report published today by the London-based Trade Policy Research Centre.

The study* says that although new contracts will be established and activity will increase in some of the existing ones, recent developments—in petroleum futures, for example—have left "few major areas of commodity trading unexplored."

"The only untried area for the development of futures markets seems to be that of services (for example, contracts in relation to insurance)," it says.

The report also warns that futures business could suffer badly if restrictive regulation of the markets were to be introduced.

"To date, it is fair to say, regulation in the U.S. and the UK has been rather mild in its effects on the costs of establishing and of using futures markets . . . But attitudes may change if there should happen to be a few dramatic scandals, frauds or defaults."

* *How Commodity Futures Markets Work by Basil Yamey, Richard Sandor and Brian Hindley; £4.50 from Trade Policy Research Centre, 1 Gough Sq., London EC4.*

● About 42,000 tonnes of Nigeria's cocoa crop this year has been destroyed by black pod disease, according to the News Agency of Nigeria. Olusegun Ojutalayo, the Commissioner (Minister) for Agriculture in the Western Oyo State, the main cocoa producing region, said the disease was caused by prolonged heavy rains and humidity coupled with lack of fungicides to fight it. The loss was a colossal disaster for cocoa farmers, he added.

● HUNGARY is to stop producing iron ore and non-ferrous metal ore, but expand the production of non-metallic minerals, Industry Minister Mr Laszlo Kapolyi said.

He told Parliament the qualitative development of the aluminium industry would continue, the official MTI news agency reported.

Hungary produced 383,000 tonnes of raw iron ore in 1984 after 441,000 tonnes in 1983.

LONDON METAL EXCHANGE WEEK

Copper hit by fibre optics

BY STEFAN WAGSTYL AND ANDREW GOWERS

THE AMOUNT of copper cable used by telephone networks in industrialised countries will continue to decline noticeably, the London Metal Forum was warned yesterday.

Mr Nigel Lea-Wilson, product design and development manager at BICC Telecommunications Cables, said that one conservative estimate copper telephone cable shipments in these countries were falling at an average of 7 per cent a year. This decline would continue before bottoming out at the low levels needed for maintenance and repair.

At the same time, the use of fibre optics would grow, with the explosive early growth rates of 50 to 100 per cent a year seen in many countries likely to flatten off to between 16 and 20 per cent a year, Mr Lea-Wilson told the forum arranged by the U.S. magazine American Metal Market.

So far, the decline in copper cabling in telecommunications had little to do with the advance of fibre. It was instead the result of a fall in demand for cable as networks reached saturation point in many developed countries and electronic equipment was used to push more signals down existing cables, he said.

However, the future impact of fibre on demand for copper cable—which accounted for some 10 per cent of world copper consumption—could be much greater.

"Fibre is now being installed in every part of the telecommunications network," he said. Optical fibres had completely replaced copper cable in new installations for trunk, or long-distance, routes; new junction routes, linking local exchanges, would also soon abandon copper completely—in the UK by 1987.

But Mr Lea-Wilson forecast that the advance of fibre in local networks—which accounted for the great bulk of copper used in telecommunications — would be less rapid. Business users would want to bring in fibre to help tie together computer and communications links.

However, it might be a number of years before the use of fibre advanced significally for domestic telephone links, said Mr Lea-Wilson.

By contrast, Dr Takeshi Nagano, president of Mitsubishi Metal Corporation, presented a more positive picture of the outlook for copper, looking specifically at demand in East Asia.

He forecast that for 1984 to 1990, Japanese copper consumption would rise by 2.5 per cent a year, South Korea's by 8 per cent, Taiwan's by 7 per cent, China's by between 5 and 9 per cent and that of other countries by 13 per cent. This would take the region's total consumption from 2.24m tonnes in 1984 to at least 2.86m tonnes by 1990 and to 3.03m on a more favourable view of Chinese demand.

Dr Nagano, who is also chairman of the Japan Mining Industry Association, contrasted the continuing growth of demand for copper in Japan with the decline in other industrialised countries. The reason for this difference, he said, was that while service industries had expanded in Japan manufacturing was still the core of the economy. Also, the electronics industry had created a new demand for copper.

At another conference yesterday on metal concentrates, organised by Metal Bulletin, delegates heard several more gloomy assessments of the state of base metal markets.

Mr Simon Hobson, of the London - based consultancy Metals and Minerals Research, forecast continued overall weakness in the markets for lead, zinc and copper. That general picture, however, disguises paradoxical shortages of metal concentrates in some cases.

Supplies of refined lead were likely to be in surplus both this year and in 1986, with consumption and prices flattening out and mine production capacity in the non-socialist world rising by about 7 per cent to around 3.2m tonnes between the end of this year and 1990.

The lead concentrates market, however, has recently moved into a significant deficit after being in surplus in most recent years. This supply shortfall, said Mr Hobson, was likely to peak in 1987/88, leading to a balanced market in 1989 and 1990 and a surplus thereafter.

For refined zinc, the picture was smaller, he said: "Price weakness, lacklustre consumption performance and growth in world stocks." Production is forecast to rise by nearly 11 per cent up to the end of 1990.

This could lead, he said, to a significant and possibly structural surplus developing in custom zinc concentrates.

Another speaker at the Metal Bulletin conference, Mr John Teeling of Ireland's Tara Mines, underlined the plight of the zinc industry when he said that European zinc mines would plunge into the red if European exchange rates rose markedly against the dollar.

In copper, Mr Hobson predicted that mine production would continue to increase at least until 1987, as it has in every year since 1973. "The copper industry has developed massive destructive potential on its supply side," he said.

Meanwhile, the current shortage of custom concentrates was likely to persist at least until the end of 1988. Thereafter a severe surplus could develop in that market, too.

● Jersey Miniere, a U.S. subsidiary of Belgium's Union Minere, yesterday joined Cominco and Noranda of Canada in the latest round of zinc production cuts. It said it would reduce production to an annual rate of 90,000 short tons in October from 99,000 in September.

Noranda said on Friday it would cut 1986 mine concentrate production by 80,000 tonnes and metal production by 23,000 tonnes because of continuing weak demand.

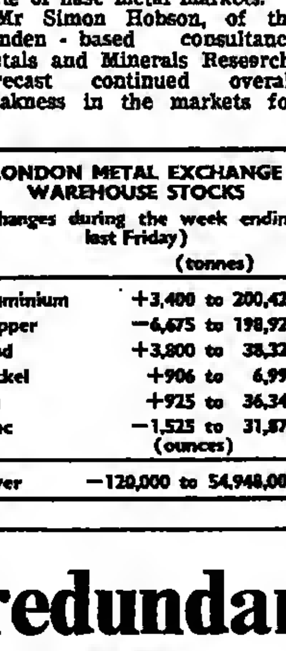
LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Changes during the week ending last Friday)

	(tonnes)
Aluminium	+3,400 to 200,425
Copper	−6,675 to 198,925
Lead	+3,800 to 38,325
Nickel	+906 to 6,990
Tin	+925 to 36,345
Zinc	−1,525 to 31,875
	(ounces)
Silver	−120,000 to 54,948,000

Rooting out the redundant acres

Farmer's viewpoint: by John Cherrington



As is well known supplies of the world's main temperate foods; cereals, fats, sugar dairy products and beef are far in excess of commercial demand. It is a situation which can only end in the destabilisation of the farming and possibly other economies of the main food producers. Having long seen this situation arriving. I am depressed by it. And I was in no way comforted by attending the American Soybean Association's seminar in London last week.

The scene was set by Mr Dan Huber of the Tradax shipping firm. He underlined the dilemma of the American farm sector, where production of all grains and pulses had been boosted by the high prices following the physical shortages of the 1970s. He bemoaned the fact that the various systems of support enjoyed by the American farmer, together with the attempts at supply management, shielded him from the real market. A market where, in a sensible world, supply would be ultimately governed by demand.

He underlined the problems of unstable currencies instancing that during the 1970s the weak U.S. dollar enabled exports to expand. Then as the dollar became strong after 1980 exports became much more difficult. But U.S. farmer had failed to notice the signs in time and had committed themselves to an expensive policy of expansion with funds borrowed at high interest rates. Approximately 40 per cent of them were in a serious financial situation.

America's share of world grain exports had fallen from 60 per cent in the late 1970s to less than 50 per cent today and was still falling. At the same time the world's cereal trade had stagnated since 1980 and was even now falling

He was not hostile to the EEC system. He thought both U.S. and European farmers were in the same boat. And he even suggested that income aids could be considered as a temporary means of supporting U.S. farmers instead of price support or attempts at supply management.

The problem was not due to competition on the export markets alone, however. It was exacerbated by increasing self-sufficiency of countries like the Soviet Union, China and India —and of course the poverty of many countries in the third world who could not afford to buy. He hoped, without much conviction, that the various farm bills being argued in U.S. Congress would bring about a more realistic pricing policy.

The EEC view was given by Mr Derek Andrews of the Ministry of Agriculture, who underlined the seriousness of the Community's cereal surplus. By 1984 wheat production was 147 per cent of consumption and barley output 131 per cent. He reiterated the UK line that the [illegible] a policy of price restraint rather than delivery quota or a limitation of the acreage planted. The sudden imposition of milk quotas in 1984 was an experience not to be repeated.

A feature of this year's trade in cereals has been a sharp fall in Soviet buying. This I believe to be a combination of market strategy, a better Soviet harvest and also an improvement in the utilisation of the grain for animal production. According to Dr V. F. Lishchenks from the Institute of USA and Canada Studies in Moscow, Soviet farmers are getting better results and the eventual goal is as near self-sufficiency as possible in all foods.

This has been claimed before and failed to materialise. But it would be dangerous to base Western farming policies on the expectation that the Russian farmer will never approach European or American standards of efficiency. Were they to devote some of the resources at present applied to armaments and space research to farming, to say nothing of providing farmers with incentives on the Chinese model they could well succeed, and I believe that in time they will.

Russia is the world's most important food importer, with, until now, a voracious appetite for other people's surpluses. Its withdrawal from the market would have catastrophic consequences.

But these are already with us. There are huge acreages of farming land worldwide which are becoming redundant because production is exceeding economic demand. This land, and its farmers, are just as redundant as mines and steel works and their personnel. The repercussions of this situation on the farm supply industries, and even on the political stability of the countries concerned with exporting are most serious.

To bring the argument nearer home. The EEC Commission is seeking to cut production by various means, as already seen with milk quotas. I very much doubt if slow strangulation by price restraint will cut off production for a long time. The need to take land out of farming is just as necessary in economic terms in Europe as it is in the U.S. and elsewhere. The political question of the day is whose land is to be sterilised and how will farmers be compensated.

Mr Huber's suggestion of allowing prices to fall until the market recovers is not a real starter. It happened just like that in the 1930s causing widespread destitution in rural areas and dustbowls and the like. Of course it did work, prices eventually rose and farming got back on its feet but it took ten years and we will never know if the war had more to do with the recovery than the lassez faire approach.

LONDON MARKETS

WITHOUT a lead from the New York markets, which were closed for the Columbus Day holiday, London's soft commodities futures markets were extremely quiet. Cocoa and sugar traded in very narrow ranges and closed virtually unchanged. Coffee displayed a similar pattern until a wave of technical and chartist buying lifted values right at the end of trading. The January position ended £17 higher at £1,674.50 a tonne, but prompt November had closed unchanged before the rally started.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	685.5-6.5	−10.75	—
3 months	707.5-8.5	−16.25	7207/70.5

Official closing (am): Cash 690-1 (698-9). three months 714-.5 (720-.5). settlement 691 (699). Final Kerb close: 708.5-8.

Turnover: 14,450 tonnes.

COPPER

Higher grade	Unofficial close	+ or −	High/low
Cash	978.5-7.5	+0.5	977.7/977
3 months	998-.0	—	1003/800

Official closing (am): Cash 977-.3 (974-.5). three months 999-.5 (996-.5). settlement 977.5 (974.5). Final Kerb close: 996.5-7.

Cathodes			
Cash	956-0	+0.0	—
3 months	983.5	+5.0	986/986

Official closing (am): Cash 956-8 (956-5). three months 984-6 (980-2). settlement 958 (958).

Turnover: 13,025 tonnes. U.S. Producer prices 65.00-70.00 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	
Cash	279.5-80.5	−3.0	282.5/282.8
3 months	286-.0	−0.25	288.5/28

Official closing (am): Cash 282-.5 (282.5-3). three months 288.5-9 (289.5-90). settlement 282.5 (283). Final Kerb close: 285-7.

Turnover: 3,775 tonnes. U.S. Spot: 19.00-20.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	2995-3016	−80.0	—
3 months	3045-60	−20.0	3080/3040

Official closing (am): Cash 2990-3 (3030-5). three months 3045-50 (3080-3). settlement 2993 (3035). Final Kerb close: 3055-65.

Turnover: 810 tonnes.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low for day
Cash	9790-800	−10.5	—
3 months	8690-5	−30.0	—

Official closing (am): Cash 8792-7 (8800-2). three months 8885-90 (8715-9). settlement 8797 (8802).

Standard			
Cash	8790-800	−12.5	8800/8760
3 months	8690-5	−30.0	8701/8610

Official closing (am): Cash 8790-5 (8800-2). three months 8685-8 (8715-9). settlement 8795 (8802). Final Kerb close: 8695-90.

Turnover: 1,025 tonnes. Straits tin M$29.95 (29.95) kilo.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	445-7	−3.0	—
3 months	452-3	−4.5	461/451

Official closing (am): Cash 446-8 (453-4). three months 452-3 (452-3). settlement 448 (454).

Turnover: 11,250 tonnes. U.S. Prime Western: 38.00-38.75 cents per pound.

GOLD

Gold rose $1 to $326¼-327¼ in very quiet London bullion trading yesterday. The metal opened at $327-327½, the highest level of the day, and was fixed at $326.60 in the morning and $326.65 in the afternoon. The partial U.S. closure for Columbus Day, and the lack of response on the foreign exchanges, kept the market very quiet, with gold drifting to a low of $326½-327.

GOLD BULLION (fine ounce) Oct. 14		
Close	$326¼-327¼	(£231-231½)
Opening	$327-327½	(£231½-231)
M'n'g fix	$326.60	(£231.254)
Aft'n'n fix	$326.65	(£231.096)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$332½-336	(£235¼-235½)
½ Krug.	$173¼-173¾	(£122½-123)
¼ Krug.	$88¼-88¾	(£62½-62¾)
1/10 Krug.	$36¼-37	(£25¾-26¼)
Mapleleaf	$330½-337	(£238-238½)
New Sov.	$77¼-77¾	(£54¾-55)
½ New Sov	$40¼-47¼	(£33-00½)
Old Sov.	$80½-88	(£56¾-58)
$20 Eagle	$460-500	(£320¼-353½)
Noble Plat	$530½-534¼	(£254-356¼)

SILVER

Silver was fixed 0.1p an ounce lower for spot delivery in the London bullion market yesterday at 440.4p. U.S. cent equivalents of the fixing levels were: spot 622.2c, unchanged; three-month 634.35c, up 0.5c; six-month 647c, up 0.6c; and 12-month 674.65c, up 0.95c. The metal opened at 440¼-443½p (622-625c) and closed at 441-444p (624-627c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	440.40p	−0.10	440.5p	+1
3 months	459.45p	+0.30	450.25p	+0.25
6 months	463.00p	+0.20	—	—
12 months	487.45p	+1.00	—	—

LME—Turnover: 5 (33) lots of 10,000 oz.

Cash high/low 440.5p; three months high/low 453p, final kerb 452.3p.

COCOA

Futures traded in a narrow range and thin volume around Friday's closing levels. The actuals market saw some manufacturer offtake but origins remained withdrawn, reports Gill and Duffus.

Sales: 1,994 (1,447) lots of 10 tonnes.

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
Dec.	1706-1707	....	1740-1705
March	1775-1776	+1.0	1773-1775
May	1801-1803	+1.0	1855-1800
July	1826-1827	+8.5	1827-1825
Sept.	1836-1838	+0.5	1859-1833
Dec.	1814-1817	+3.0	1816-1814
Mar.	1920-1828	+1.0	—

ICCO indicator prices (U.S. cents per pound). Daily price for October 11: 107.18 (107.31); five-day average for October 14: 109.01 (109.61).

INDICES

FINANCIAL TIMES

Oct. 14	Oct. 11	M'th ago	Year ago
250.09	250.56	254.54	292.18

(Base: July 1 1952=100)

REUTERS

Oct. 14	Oct. 11	M'th ago	Year ago
1707.8	1708.1	1726.3	1884.0

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 11	Oct. 10	Month ago	Year ago
Spot	116.60	110.62	—	124.09
Fut.	117.75	117.48	—	120.06

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 14 1985	+ or −	Month ago
METALS			
Aluminium	£1100	......	£1100
Free Mkt.	$1020/40	−10	$1015/35
Copper			
Cash h Grade	£977	+0.0	£1023.0
3 mths	£998.00		£1048.0
Gold Troy oz.	$327	+1	$320
Lead Cash	£280	−3	£288.5
3 mths	£286.25	−3.25	£303.5
Nickel			
Free Mkt.	192/212c	−8	211/231c
Palladium oz.	$100.50	+0.25	$98.00
Platinum oz.	$322.25	+2.00	$310.50
Quicksilver†	$270/290		$290/300
Silver troy oz.	440.40p	−0.10	450.85p
3 months	456.45p	+0.30	463.60p
Tin cash	£9790	−12.5	£8157.8
3 months	£8692.5	−30	£9110.5
Tungsten	$66.75		$67.02
Wolfram 22.0lb.	$62/68		$66/70
Zinc	£446	−3	£510.5
3 months	£408.0	−4.5	£530.0
Producers	$780/780		$780/850
OILS			
Coconut (Phil)	$440x	−7.5	$435
Palm Malayan	$360u	−10	$340
SEEDS			
Copra Phil	$285w		$260
Soyabean (U.S.)	$211.25		$214.5
GRAINS			
Barley Fut. Jan.	£109.60	+0.10	£104.85
Maize	£137.50		£101.00
Wheat Fut. Jan.	£108.30	+0.20	£104.95
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1770.5	+1	£1755.0
Coffee Ft. Jan.	£1074.5	+17	£1862.5
Cotton A Index	48.75c	......	53.95c
Gas Oil Dec.	$247.70	+1.5	$257.75
Rubber (kilo)	00p	......	01p
Sugar (raw)	$128x	......	$142.5
Wooltops 64s	418p kilo	−4	428 pkilo

‡ Unquoted. x Oct-Nov. w Nov-Dec. v Nov. u Dec. † Per 76 lb flask. c Cents a pound.

COFFEE

During a quiet session robustas remained within a narrow range, reports Drexel Burnham Lambert. Small gains were posted but the U.S. holiday dampened interest while slightly steadier sterling tended to restrict the gradual advance until late short-covering triggered a £20 rally.

COFFEE	Yesterday's Close	+ or −	Business Done
Nov.	1623-1925	....	1626-1622
Jan.	1974-1075	+17.0	1880-1657
March	1700-1707	+14.5	1719-1697
May	1727-1730	+18.5	1735-1711
July	1740-1745	......	1744-1735
Sept.	1774-1775	+10.0	1775-1760
Nov.	1760-1860	+10.0	—

Sales: 1,044 (2,458) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for October 11: Comp. daily 1979 121.34 (121.07); 15-day average 120.25 (120.12).

FREIGHT FUTURES

Rumours of steadier rates for Gulf origin physical business resulted in values advancing quite strongly over the morning, with gains of up to 16 points being registered on nearby October. Most of the gains were eroded in the afternoon in fairly quiet conditions, reports Clarkson Wolff. The Baltic Freight Index was 883.5, up 11.0.

	Close	High/Low	Prev.
Oct.	904/909	016/900	895/900
Jan.	017/910	025/910	907/910
April	960/980	980/975	865/870
July	860/870	870/874	863/876
Oct.	030/936	030	930/950
Jan.	940/970	—	930/940
April	1030/1090	—	1000/1090
July	810/940	—	010/960

Turnover: 147 (139).

GRAINS

Wheat rose slightly with forwards advancing relating to nearbys, against a featureless physical market. Barley followed a similar pattern with further shipper buying interest in nearbys, reports Muirpace.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterd'ys close	+ or −
Nov.	104.60	+0.15	107.50	+0.30
Jan.	108.30	+0.20	109.60	+0.10
Mar.	111.40	+0.35	119.90	+0.05
May.	119.48	+0.20	114.70	....
July	117.20	+0.20	....	
Sept.	98.60	−0.05	96.45	+0.05

Business done—Wheat: Nov 105.00-4.50, Jan 108.35-8.20, Mar 111.30-1.25, May 11# 50-4.40, July 117.20 only, Sept 96.60-6.50. Sales: 448 lots of 100 tonnes. Barley: Nov 107.50-7.30, Jan 109.65-0.45, Mar 112.60-2.50, May unvaded. Sept 96.45-6.40. Sales: 68 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no. 1 15 per cent Nov 131, Dec 131.25, Jan 134.25, Feb 137 transhipment east coast. U.S. no. 2 soft red winter Oct 109, Nov 111, Dec 112.50, Jan 113.50 sellers. EC French Oct 123.00. English feed fob Oct 108, Nov 109, Dec 110, Jan/Mar 112.50, Apr/Jun 117 sellers east coast. MAIZE: U.S. no. 3 yellow/French transhipment east coast Nov 137 sellers. Barley: English feed fob spot 107.50, Oct 108, Nov 110.50, Dec 112, Jan/Mar 113.25 sellers east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: N East 1039.90, Scotland 99.90. The UK monetary coefficient for the week beginning Monday October 21 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

MEAT

PIGMEAT—November consolidated recent gains, trading within a narrow range. The nearby month remained firm but there was little interest in the distant positions, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Nov.	119.20	110.80	118.50-118.
Feb.	102.80	103.20	104.50-101.
April	104.50	104.70	—
June	101.80	102.00	—
Aug.	101.00	101.00	—
Oct.	107.50	107.00	—

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 93.38p per kg lw (−0.87). GB—Sheep 155.52p per kg est dcw (+3.89). GB—Pigs 81.45p per kg lw (+1.49).

Sales: 41 (46) lots of 50 carcases, 3,250 kg.

COTTON

LIVERPOOL—Spot and shipment sales for the week ending October 11 amounted to 440 tonnes compared with 594 tonnes in the previous week. Business ranged over various types including West African, American, Russian, Chinese, Israeli and Pakistani styles.

POTATOES

The market opened £1.10-1.50 lower in line with an easier Dutch quote, but November subsequently remained fairly steady, reflecting slightly improved sentiment in the physical market. April opened testing, and quickly breaking the £78.00 support level, which hit stop-loss selling orders. Persistent selling pressure during the afternoon resulted in further losses before there was a small recovery at the close, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov.	01.40	62.60	61.60-61.10
Feb.	95.00	07.00	65.50-65.00
Apr.	76.00	78.60	78.00-75.00
May	99.10	85.10	84.00-82.80

Sales: 1,324 (685) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened slightly steadier, attracted little interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): spot 59.00p (same): November 57.00p (57.50p): December 57.75p (57.50p). The Kuala Lumpur fob price for RSS No 1 was 187.25 (187.0) cents a kg and for SMR 20 was 175.0 (172.5).

SOYABEAN MEAL

The market opened unchanged to 50p higher in dull trade, reports T. G. Roddick. Prices steadied on shipper buying during afternoon but soon eased on commission house selling.

	Yesterday close	+ or −	Business Done
	£ per tonne		
October	116.0-140.0	—	—
Dec.	127.0-127.5	+0.35	127.5
Feb.	129.2-129.5	+0.20	130.0-129.5
Apr.	128.5-129.0	−0.15	130.1-128.5
June	125.0-125.7	+0.20	125.5
August	125.0-126.0	+0.25	—
October	127.0-129.0	+0.75	—

Sales: 176 (675) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $128.00 (£90.90), unchanged (unchanged) a tonne for October-November delivery. White sugar $170.00, up $1.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	139.8-140.0	139.8-140.2	139.4-139.2
Mar.	146.8-146.2	147.8-147.6	148.8-147.0
May	151.4-151.8	151.4-151.6	151.4-151.0
Aug	157.5-157.8	157.4-157.8	—
Oct	162.0-162.8	163.0-165.8	162.0

Sales: 282 (1,447) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £193.00 (same) a tonne for export.

International Sugar Agreement — (U.S. cents per pound fob and stowed Caribbean ports.) Prices for October 11: Daily price 4.99 (5.00): 15-day average 5.01 (5.03).

PARIS—(FFr per tonne): Dec 1385/1390, Mar 1401/1405, May 1435/1440, Aug 1475/1485, Oct 1495/1505, Dec 1520/1535.

U.S. MARKETS

generally lower on light long liquidation in response to dollar strength, reports Heinold Commodities. Copper and aluminum weakened in sympathy with the precious metals as fresh news was lacking. Cotton remained steady as farmer sales remained light. The energy complex firmed reflecting the renewed attack on Kharg Island by Iraq along with low distillate stocks. The grain and soyabean complex traded mixed in slow trade awaiting a pick-up in harvest activity. Cocoa, coffee and sugar were closed in New York due to the Columbus Day Holiday.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	43.15	—	—	43.40
Nov	43.50	—	—	43.55
Dec	43.95	44.00	43.75	44.10
Jan	44.20	—	—	44.45
March	44.95	45.00	44.60	45.20
May	45.65	45.80	45.80	45.90
July	46.35	46.45	46.45	46.60
Sept	47.05	—	—	47.30
Dec	45.10	—	—	45.35
Jan	48.45	—	—	48.70

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Oct	60.90	—	—	60.60
Nov	61.20	—	—	01.25
Dec	61.60	61.70	61.45	61.65
Jan	61.85	—	—	61.90
March	62.30	62.40	62.15	62.35
May	62.65	62.70	62.55	62.70
July	63.00	63.05	62.95	63.05
Sept	63.35	—	—	63.40
Dec	62.80	—	—	63.95
Jan	64.05	—	—	64.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	60.24	60.25	59.92	59.95
March	60.80	60.80	60.05	60.75
May	61.21	61.25	61.10	61.10
July	59.95	60.00	59.55	59.70
Oct	54.08	—	—	54.04
Dec	52.90	53.00	52.95	52.96

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Nov	29.05	29.05	28.75	28.73
Dec	28.35	28.35	27.99	28.01
Jan	27.72	27.72	27.45	27.41
Feb	27.20	27.17	26.93	28.59
March	26.76	26.73	26.63	26.48
April	26.40	26.40	26.20	26.12
May	26.00	26.00	25.88	25.79
June	25.70	26.70	26.70	25.45
July	25.30	—	—	26.19

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	326.4	326.3	326.0	327.2
Nov	328.0	—	—	328.9
Dec	329.0	330.4	329.2	330.7
Feb	334.1	334.4	333.4	335.0
April	338.3	338.8	337.3	339.2
June	342.8	342.8	342.4	343.7
August	347.4	347.9	347.6	348.3
Oct	352.3	—	—	353.2
Dec	357.2	357.3	356.8	358.1
Feb	362.4	—	—	363.3
April	367.9	—	—	368.8
June	973.0	—	—	374.2
August	379.4	—	—	380.0

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Nov	82.00	82.00	81.30	81.44
Dec	82.00	82.05	81.30	81.39
Jan	81.95	82.00	81.10	81.17
Feb	80.45	80.45	79.65	79.65
March	75.75	76.75	75.80	75.87
April	73.40	73.50	72.80	72.80
May	71.65	71.65	71.45	71.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	117.80	119.50	117.75	121.75
Jan	114.95	116.50	114.75	116.76
March	112.90	114.60	112.75	117.50
May	112.13	113.50	111.95	115.40
July	111.45	112.50	111.40	115.50
Sept	110.40	111.50	111.50	128.90
Nov	129.40	—	—	129.60
Jan	108.40	—	—	109.50
March	107.40	—	—	109.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	320.9	321.6	321.0	321.3
Jan	326.1	327.5	324.6	326.8
April	329.4	330.5	326.0	330.1
July	333.8	334.6	333.5	334.3
Oct	337.5	339.6	338.5	338.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	626.0	624.5	624.0	625.0
Nov	629.1	—	—	628.8
Dec	633.6	634.0	630.1	633.0
Jan	637.0	—	—	637.4
March	646.3	647.0	643.0	645.8
May	655.2	656.0	652.0	654.7
July	664.7	664.0	663.0	664.2
Sept	674.9	—	—	674.4
Dec	690.5	692.0	687.0	690.0
Jan	698.1	—	—	698.6

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	62.85	63.22	62.26	62.32
Dec	64.20	64.86	63.82	64.22
Feb	61.85	62.37	61.80	62.05
April	61.90	62.25	61.50	62.00
June	62.32	62.90	62.10	62.57
August	60.35	60.77	60.10	60.59
Oct	59.25	59.75	59.35	59.70

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	45.90	46.50	45.40	45.02
Dec	45.72	46.40	45.45	45.95
Feb	44.42	44.95	44.00	44.22
April	40.25	40.75	40.05	40.10
June	43.15	43.25	42.80	43.02
July	43.92	44.35	43.85	43.95
August	43.00	43.15	42.75	42.95
Oct	39.77	39.90	38.77	39.80
Dec	41.20	—	41.20	41.30

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	222.5	223.0	222.2	222.4
March	234.6	235.0	234.0	235.2
May	241.0	241.0	239.8	240.6
July	243.0	243.2	241.6	242.4
Sept	232.2	232.6	232.0	231.6
Dec	228.6	229.0	227.4	228.0
March	238.0	238.0	238.8	237.6

PORK BELLIES 38,000lb, cents/lb

	Close	High	Low	Prev
Feb	65.22	66.60	64.80	65.15
March	64.97	66.70	64.75	65.65
May	66.40	67.40	65.65	66.65
July	65.07	67.40	66.50	66.97
Aug	64.80	65.25	64.40	64.95

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	503.4	504.0	500.4	502.0
Jan	510.4	610.6	513.6	515.2
March	529.0	529.0	526.4	528.8
July	545.0	546.0	543.4	544.4
August	545.0	545.0	543.0	543.0
Sept	533.0	533.2	532.4	533.0
Nov	531.0	531.6	527.0	529.0
Jan	542.4	542.4	540.4	541.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	141.1	143.2	140.7	142.1
Dec	141.4	142.7	140.3	142.1
Jan	142.4	143.1	141.1	142.9
March	143.3	144.0	142.3	143.7
May	144.0	144.0	143.2	144.7
July	145.5	145.0	144.0	146.8
Aug	144.6	148.0	144.6	146.6
Sept	144.5	145.1	143.5	145.6
Oct	142.0	142.0	142.5	142.5
Dec	143.6	143.6	142.0	143.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	19.86	10.95	19.76	18.93
Dec	19.72	19.74	19.45	19.62
Jan	16.90	19.94	19.65	19.79
March	26.35	20.38	20.10	20.25
May	20.77	20.80	20.50	20.65
July	21.16	21.16	20.93	21.01
August	21.25	21.25	21.06	21.15
Sept	21.15	21.15	21.16	21.18
Oct	21.12	—	—	21.10
Dec	21.10	—	—	21.00

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	304.4	304.8	299.6	303.4
March	310.8	311.0	307.4	310.2
May	303.4	303.9	301.2	304.2
July	284.2	285.4	283.4	286.4
Sept	288.6	289.0	287.0	289.6
Dec	287.8	—	—	300.0

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. New York tin 570-72 (569-72) cents per pound.

OIL

In quiet trade Brent and WTI drifted up 10c. Nymex opened 5-8c up and was still firm by 1 pm EDT with November barrels 12c and December 21c above Friday's close. In the petroleum products market gas/oil firmed slightly in nervous trade. There was little interest for October gas/oil and activity was centred on November—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	07.70-27.88	—
Arab Heavy	26.55-26.65	—
Dubai	28.50-28.55	—
Brent Blend	27.65-27.70	+0.10
W.T.I. (1pm est)	28.80-28.85	+0.075
Forcados (Nigeria)	28.55-28.70	−0.025
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	278-280	−3
Gas Oil	251-252	+1
Heavy fuel oil	133-134	—
Naphtha	242-244	—

* October. Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
Nov.	249.75	+1.50	250.00-48.25
Dec.	247.75	+1.50	248.25-46.50
Jan.	246.70	+1.00	247.00-44.75
Feb.	243.25	+1.25	244.25-43.00
Mar.	007.00	+0.00	236.50-34.35
Apr.	229.00	+0.75	230.50-29.00

Turnover: 1,635 (2,737) lots of 100 tonnes.

Firmer tone at London tea sale

A FIRMER tone was reported at yesterday's weekly London tea auction, though average price levels were not much changed from last week's sale.

An average price of 160p a kilo was quoted for quality tea. This grade had been unquoted since late June, when the price stood at 205p a kilo. Medium grade tea was up 1p at 144p a kilo and low medium unchanged at 108p.

There were 27,302 packages on offer at the auction, including 793 in the offshore section.

The London Tea Brokers' Association reported improved demand at firm prices for Bangladesh teas. It said Assams met "fair" competition and East Africans were again "well supported."

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

No incentive to move dollar

It was a day of almost total inactivity on the foreign exchanges, with the dollar trading in an even narrower range than has been usual of late. Recent statistics have suggested the prospects for the U.S. economy have improved, and demand for the dollar should be supported by the very high level of Treasury funding due for the remainder of this year, but bunched up because of the problems over raising the Federal debt ceiling.

The prospect of attractive yields at future Treasury auctions is discouraging any move out of the dollar, but at the same time the market is fearful of pushing the U.S. currency higher because of the threat of central bank intervention.

Trading was very quiet, with most New York banks closed for Columbus Day, but the central banks did not take the opportunity to attack the dollar, and apart from a little market smoothing by the Bundesbank at the Frankfurt fixing, it is doubtful whether the central banks entered the market.

Fear of intervention was reinforced on Friday, when the central banks kept the dollar down after higher then expected U.S. retail sales figures.

It is generally expected that the revised third quarter U.S. gross national product figure, now due to be published a day early on Thursday, will indicate growth above the flash estimate of 2.8 per cent, but the central banks are sure to hold the lid on any enthusiasm to buy the dollar.

The dollar finished slightly stronger overall, rising to DM 2.6615 from DM 2.6580; SwFr 2.1810 from SwFr 2.1795; Y215.40 from Y214.60; and holding steady at FFr 8.11.

On Bank of England figures the dollar's index fell to 131.2 from 131.3.

STERLING — Trading range against the dollar in 1985 is 1.4400 to 1.0525. September average 1.3657. Exchange rate index rose 0.2 to close at 80.2, the highest level of the day. It opened at the day's low of 79.9, and after rising to 80.0 at 9 am, was steady at 80.1 at each following calculation until the close.

Sterling improved a little in late trading, after a very quiet and steady day. The pound gained 15 points to $1.4130-1.4140, and also rose to DM 3.7625 from DM 3.7525; FFr 11.4650 from FFr 11.45; SwFr 3.0825 from SwFr 3.0775; and Y304.50 from Y303.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.6190. September average 2.8370. Exchange rate index 127.6 against 122.0 six months ago.

The D-mark showed little change against the dollar in very quiet trading. The German Bundesbank sold $16.1m when the dollar was fixed at DM 2.6560 in Frankfurt, compared with DM 2.6595 on Friday. There was some doubt about possible intervention by the central bank on the open market, but most dealers appeared to believe the Bundesbank restricted its action to smoothing the market during the fixing. Eurocurrency interest rates on dollars and D-marks were generally steady, giving no guidance to future trends on the foreign exchanges. Trading was very quiet, reflecting the closure of U.S. banks for Columbus Day. At the Frankfurt close the dollar was DM 2.660250, compared with DM 2.6555 at Friday's finish. Sterling was on the sidelines. It was fixed at DM 3.7520 against DM 3.7510 previously.

POUND SPOT—FORWARD AGAINST POUND

October 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4095-1.4145	1.4130-1.4140	0.45-0.42c pm	3.69	1.14-1.09pm	3.16
Canada	1.9285-1.9358	1.9323-1.9357	0.56-0.47c pm	3.20	1.38-1.23pm	2.70
Nethlnd.	4.21½-4.24½	4.23½-4.24½	2⅛-1⅞c pm	0.66	6-5⅞pm	6.25
Belgium	75.80-76.23	76.05-76.15	21-16c pm	2.92	50-41pm	2.39
Denmark	13.58½-13.64¾	13.63¾-13.64¾	3⅞-2¾ore pm	2.56	7⅞-6⅞pm	2.08
Ireland	1.2104-1.2162	1.2145-1.2155	0.29-0.15p pm	2.17	0.67-0.41pm	1.76
W. Ger.	3.7390-3.7675	3.75¼-3.76¼	2½-2¼pf pm	7.19	6⅞-6pm	6.58
Portugal	229.13-233.39	228.61-233.39	60-430c dis	-12.70	300-1370dis	-14.43
Spain	227.86-229.08	228.69-229.08	30c dis-20 pm	-0.26	5-130dis	-1.18
Italy	2,522½-2,542¾	2,534½-2,536¾	2-6 lire dis	-1.89	12-17dis	-2.29
Norway	11.15-11.19	11.17-11.18	⅛-1⅛ore dis	-0.67	2⅛-3½dis	-1.03
France	11.408-11.470	11.46-11.47	2¼-1⅛c pm	1.83	3⅛-1¼pm	0.96
Sweden	11.26½-11.29½	11.27½-11.28½	2½-3⅞c dis	-3.19	7⅞-8⅞dis	-2.77
Japan	303-304¾	304-305	1.45-1.35y pm	5.52	3.75-3.65pm	4.86
Austria	26.28-26.42	26.38-26.42	16-14y pm	6.82	40½-36½pm	6.80
Switz.	3.06¾-3.08¾	3.07¾-3.08¾	2⅛-1⅞c pm	7.79	5½-5pm	6.81

Belgian rate is for convertible francs. Financial franc 76.80-76.90. Six-month forward dollar 1.87-1.82p pm. 12-month 2.90-2.75p pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

October 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4095-1.4145	1.4130-1.4140	0.45-0.42c pm	3.69	1.14-1.09pm	3.16
Ireland†	1.1625-1.1660	1.1627-1.1635	0.20-0.10c pm	1.54	0.46-0.30pm	1.29
Canada	1.3675-1.3691	1.3680-1.3690	0.04-0.07c dis	-0.48	0.13-0.18dis	-0.41
Nethlnd.	2.9885-3.0015	2.9995-3.0005	0.58-0.55c pm	2.27	1.69-1.66pm	2.24
Belgium	53.65-53.95	53.80-53.90	3-4c dis	-0.78	13-16dis	-1.04
Denmark	9.62-9.65¼	9.64½-9.65	⅛-¾ore dis	-0.62	1-1½dis	-0.37
W. Ger.	2.6505-2.6630	2.6610-2.6620	0.84-0.79pf pm	3.68	2.34-2.29pm	3.49
Portugal	163½-164½	163½-164½	100-300c dis	-14.63	400-1100dis	-19.29
Spain	161.60-162.19	161.60-161.80	35-55c dis	-3.33	140-200dis	-4.20
Italy	1,790-1,796½	1,793½-1,794½	9-15 lire dis	-6.36	25½-27dis	-5.86
Norway	7.90-7.91¾	7.90¼-7.90¾	2¾-3ore dis	-4.36	8½-9dis	-4.36
France	8.08½-8.11¼	8.10¾-8.11¼	1.20-1.35c dis	-1.89	4.65-4.90dis	-2.33
Sweden	7.97¼-7.99¾	7.97¾-7.98¼	4½-4¾ore dis	-5.76	12¼-12½dis	-0.20
Japan	214.85-215.65	215.35-215.45	0.33-0.29y pm	1.73	0.94-0.89pm	1.70
Austria	18.62-18.69	18.62-18.66	5-4¾gro pm	2.97	13¾-11½pm	2.56
Switz.	2.1735-2.1820	2.1805-2.1815	0.85-0.80c pm	4.55	2.00-1.95pm	3.63

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.30-54.40.

EXCHANGE CROSS RATES

Oct. 11	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.414	3.763	304.5	11.47	3.083	4.240	2536.	1.934	76.15
$	0.707	1.	2.662	215.4	8.110	2.181	3.000	1794.	1.368	53.85
DM	0.266	0.376	1.	80.93	3.047	0.819	1.127	674.0	0.514	20.23
YEN	3.284	4.642	12.36	1000.	37.65	10.12	13.92	8326.	6.351	249.9
F Fr.	0.872	1.233	3.282	265.6	10.	2.689	3.698	2212.	1.687	66.38
S Fr.	0.324	0.459	1.221	98.76	3.719	1.	1.375	822.6	0.627	24.69
H Fl.	0.235	0.333	0.887	71.82	2.704	0.727	1.	598.1	0.456	17.95
Lira	0.394	0.557	1.484	120.1	4.521	1.216	1.672	1000.	0.763	30.01
C $	0.517	0.731	1.945	157.4	5.926	1.594	2.192	1311.	1.	39.35
B Fr.	1.314	1.857	4.944	400.1	15.07	4.050	5.572	3332.	2.541	100.

Yen per 1,000: French Fr per 10: Lira per 1,000; Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars two years 9¾-9⅞ per cent; three years 9⅞-10⅛ per cent; four years 10⅛-10¼ per cent; five years 10⅜-10½ per cent nominal. Short-term rates are call for U.S. Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

Oct. 14	Bank of England Index	Morgan Guaranty Change %
Sterling	80.2	N/A
U.S. dollar	131.2	"
Canadian dollar	84.1	"
Austrian schilling	118.5	"
Belgian franc	91.8	"
Danish Kroner	81.2	"
Deutsche mark	197.6	"
Swiss franc	150.9	"
Guilder	117.7	"
French franc	68.4	"
Lire	44.0	"
Yen	170.5	"

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	N/A	0.598745
U.S. $	7½	"	0.851308
Canadian $	8.85	"	1.16740
Austria Sch.	4	N/A	15.5288
Belgian Fr.	9½	"	44.7998
Danish Kr.	7	"	8.01090
D mark	4	"	2.20960
Guilder	5	"	2.49018
French Fr.	9½	"	6.73775
Lira	15½	"	1490.96
Yen	5	"	179.006
Norway Kr.	8	"	6.57274
Span'h Pta.	—	"	134.630
Swedish Kr.	10½	"	6.63966
Swiss Fr.	4	"	1.81079
Greek Dr'ch	20½	"	120.648
Irish Punt	13½	"	0.714182

* CS/SDR rate for October 11: 1.45274.

OTHER CURRENCIES

Oct. 14	£	$
Arg'tina	1.1292-1.1310	0.8000-0.8010
Aus'alia	2.0035-2.0075	1.4185-1.4200
Brazil	11,404-11,469	8.020-8.120
Finland	8.0485-8.0685	5.7060-5.7080
Greece	217.30-201.89	154.04-157.20
H'kong	10.9900-11.0000	7.7850-7.7880

* Selling rate.

STERLING INDEX

	Oct. 14	Previous
8.30 am	79.9	80.1
9.00 am	80.0	80.1
10.00 am	80.1	80.0
11.00 am	80.1	80.0
Noon	80.1	80.1
1.00 pm	80.1	80.1
2.00 pm	80.1	80.0
3.00 pm	80.1	80.0
4.00 pm	80.2	80.0

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.7892	-0.07	+0.69	±1.5425
Danish Krone	8.12857	8.01090	-1.45	-0.50	±1.6421
German D-mark	2.23840	2.20962	-1.29	-0.53	±1.1455
French Franc	6.85402	6.73775	-1.84	-1.08	±1.3654
Dutch Guilder	2.52208	2.49018	-1.26	-0.50	±1.5162
Irish Punt	0.724578	0.714182	-1.43	-0.67	±1.6673
Italian lira	1520.60	1490.85	-1.95	-1.81	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FUTURES AND OPTIONS

Trading quiet & dull

Trading was very quiet and subdued for most of the day in the London International Financial Futures Exchange yesterday. A recent lack of direction, aggravated by a static cash market and sterling's narrow trading range, was highlighted still further by the partial closure of U.S. financial centres for Columbus Day. There are a number of U.S. economic statistics due for release this week but the market is likely to remain subdued until Thursday's revised third quarter GNP figures.

Sterling markets will be hoping for some inspiration after Thursday night's Mansion House speech by Mr Nigel Lawson, Chancellor of the Exchequer.

Euro-dollar prices opened a little lower from Friday and traded in a two point range to finish at 91.65 down from 91.69 on Friday for December delivery. Volume in all Euro-dollar contracts totalled less than 500 lots.

The U.S. Treasury bond opened in line with Chicago and then improved during the afternoon to finish at 75-10 for December delivery, up from an opening level of 75-04 and Friday's close of 75-06.

Gilt values were marked up reflecting jobber buying but once again there was a lack of follow through and the December price closed at 113-16 up from 113-11 at the opening and 113-12 on Friday.

Short sterling held steady in featureless trading. Early selling was soon taken out and after an opening level of 89.10, the December contract rose to a high of 89.12 before finishing at 89.11, unchanged from Friday.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4136	1.4092	1.4024	1.3951	1.3863

IMM—STERLING $s per £

	Latest	High	Low	Prev
Dec	1.4040	1.4045	1.4030	1.4020
March	1.3970	1.3990	1.3970	1.3935
June	1.3920	1.3920	1.3920	1.3870

MONEY MARKETS

Lack of direction keeps UK rates steady

Interest rates were barely changed in London yesterday in rather quiet and uneventful trading. There were no new factors to influence the market while sterling showed very little movement either. Markets will already be looking for some inspiration following Thursday night's Mansion House speech by Mr Nigel Lawson, Chancellor of the Exchequer.

Overnight money was obtained at reasonable rates although late payers were faced with 12 per cent compared with a day's low of 10 per cent and an opening rate of 11½-11⅝ per cent. Three-month interbank money finished at 11⅛-11⅜ per cent compared with 11¼-11⅜ per cent on Friday while three-month eligible bank bills were bid at 11⅜ per cent, unchanged from Friday.

The Bank of England forecast a shortage of around £250m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £652m and banks' balances brought forward £46m below target. These were partly offset by Exchequer transactions which added £155m and a fall in the note circulation of £305m.

The Bank gave assistance in the morning of £61m comprising purchases of £37m of eligible bank bills in band 2 (15-33 days) at 11⅜ per cent and in band 4 (64-91 days) £3m of Treasury bills, £3m of local authority bills and £18m of eligible bank bills all at 11⅜ per cent. In the afternoon it gave further assistance of £126m comprising purchases of £125m of eligible bank bills in band 2 at 11⅜ per cent and £1m in band 4 at 11⅜ per cent. Total help was £187m. The authorities also announced the rate for today's temporary roll-over facility at 11⅜ per cent.

In Frankfurt call money was quoted at 4.45-4.55 per cent, compared with 4.50-4.60 per cent on Friday in rather quiet trading. Commercial banks' deposits at the Bundesbank remained at a comfortable level while the latest figures for borrowing through the Lombard facility showed DM 100m outstanding on Friday, unchanged from Thursday.

UK clearing banks base lending rate 11½ per cent since July 30.

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	8¾
Fed funds	8
Fed funds at intervention	—

Treasury Bills & Bonds

One month	6.89
Two month	7.24
Three month	7.42
Six month	7.76
One year	8.03
Two year	8.94
Three year	9.30
Four year	9.64
Five year	9.84
Seven year	10.22
10 year	10.35
30 year	10.60

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 14)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/8	offer 8 1/4	bid 8 1/4	offer 8 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

MONEY RATES

Oct. 14	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.45-4.55	4.60-4.75	4.6-4.7	4.60-4.75	4.65-4.80	5.5
Paris	9⅝	9⅞-9⅝	9⅞-9⅝	9⅞-9⅝	9⅞-9⅝	9⅝
Zurich	⅞-1⅛	3⅞-4	—	4⅛-4⅜	—	—
Amsterdam	5¾-5⅞	5⅞-5⅞	—	5¾-5⅞	5¾-5⅞	—
Tokyo	6.34375	6.46875	—	6.46875	—	—
Milan	14⅛-14½	14-14½	—	13⅞-14¼	—	—
Brussels	8.60	8¾-9	—	9-9¼	9¼-9½	—
Dublin	8-8½	9¼-9½	9⅜-9⅝	9½-9¾	9⅞-15⅛	—

LONDON

CHICAGO

Company Notices

ARROW CAPITAL N.V.
Established in Curacao, Netherlands Antilles.
THIS NOTICE IS IMPORTANT AND REQUIRES YOUR URGENT ATTENTION

NOTICE IS HEREBY GIVEN of a conditional offer by Arrow Capital N.V. (the Company) for the repurchase of outstanding shares at a price per share of U.S.$69.19 payable in cash. The offer is open to holders of registered shares of the Company in respect of up to 15 per cent of their shareholding as at November 1, 1985 and to the holders of certificates representing bearer shares of the Company in respect of up to 15 shares for each 100 shares held by them.

The unaudited Report and Accounts of the Company as at 30th June 1985 showed the net asset value per share to be U.S.$81.40, thus the offer price is at a 15 per cent discount to the net asset value per share on that date.

Shareholders wishing to accept this conditional offer, should, if holders of registered shares, lodge up to 15 per cent of the number of shares registered in their name in the Shareholders' Register of the Company as at November 1, 1985, or, if holders of certificates representing bearer shares, lodge certificates representing 100 shares for each 15 shares to be repurchased together with all outstanding talons and dividend coupons, either directly with the Company or with any of its Agent Banks.

This offer is conditional upon the approval of the shareholders of the Company at the Annual General Meeting convened for November 1, 1985 and applies only to acceptances lodged prior to the close of business on November 15, 1985.

For the purposes of requesting shareholders' approval of the offer the following additional point has been added to the agenda of the Annual General Meeting of shareholders convened at the offices of the Company on Friday, November 1, 1985 at four o'clock in the afternoon (local time):

9. To approve the offer by the Company to shareholders for the repurchase of up to 15 per cent of its outstanding shares at a price per share of U.S.$69.19 payable in cash.

INTIMIS MANAGEMENT COMPANY N.V.
Managing Director
with the approval of the Advisory Board.
John B. Gorsiraweg 6
P.O. Box 3889,
Willemstad, Curacao,
Netherlands Antilles.
Agent Banks:
N. M. ROTHSCHILD AND SONS LIMITED
New Court,
St. Swithin's Lane,
London EC4P 4DU.
PIERSON, HELDRING & PIERSON N.V.
214 Herengracht,
Amsterdam
BANQUE BRUXELLES LAMBERT S.A.
24 Avenue Marnix,
1050 Brussels.
BANQUE PRIVEE S.A.
18 Rue de Hesse, Geneva.
ROTHSCHILD BANK A.G.
Zollikerstrasse 181,
8034 Zurich.
BANQUE INTERNATIONALE A LUXEMBOURG S.A.
2 Boulevard Royal, Luxembourg.

NATIONAL BANK OF CANADA
$US 100.000.000
FLOATING RATE NOTES DUE APRIL 1995

For three months, October 7, 1985 to January 7, 1986, the rate of interest has been fixed at 8 9/16 % P.A. The interest due on January 7,1986 against coupon nr 3 will be $US 218,82 and has been computed on the actual number of days elapsed (92) divided by 360.

THE PRINCIPAL AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, avenue Emile Reuter
LUXEMBOURG

Bank Leumi (UK)plc
U.S.$16,000,000 UNDATED PRIMARY CAPITAL FLOATING RATE NOTES

The interest rate applicable to the above Notes in respect of the initial interest period commencing 15th October 1985 has been fixed at 8⅛% per annum. The interest amounting to U.S.$60.18 per U.S.$10,000 and U.S.$601.83 per U.S.$10,000 principal amount of the Notes will be paid on 16th June, 1986 against presentation of Coupon No. 1.
BANK LEUMI (UK) PLC
Principal Paying Agent

Holidays and Travel

DISCOUNT AIR—First & Business fares. Spec Rates. All credit cards. Tel: 01-530 7601. Telex: 8813271 (0114). AOTA.

Art Galleries

BROWSE & DARBY, 19 Cork Street, London W1. 01-734 7984. CHRISTOPHER STEIN. New Paintings.

RICHARD GREEN, 44 Dover Street, W1. 493 3039. ANNUAL EXHIBITION OF SPORTING PAINTINGS. Daily 10-6, Sats 9.30-12.00.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

CLASSIFIED ADVERTISEMENT RATES

	Per line (min. 3 lines) £	Single column cm (min. 3 cms) £
Commercial & Industrial Property	10.50	35.50
Residential Property	8.00	27.00
Appointments	11.00	37.00
Business, Investment Opportunities	10.50	35.50
Business for Sale/Wanted	10.50	35.50
Personal	8.00	27.00
Motor Cars	8.00	27.00
Hotels & Travel	8.00	27.00
Contracts & Tenders	10.50	35.50
Book Publishers	—	net 17.50

Premium positions available £7.00 per single column cm extra

For further details write to:
Classified Advertisement Manager
Financial Times, 10 Cannon Street, London EC4P 4BY

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 14, 1985. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	1985 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
101 11/16	99 3/16	Exch. 12¼pc 1985	99 15/32	...	12.36	11.77
101 5/16	99 3/16	Exch. 11¼pc '86	100¼		11.74	11.06
99¾	97 3/16	Treas. 10pcCnv 1986	99⅝	...	10.04	10.83
96½	92¾	Treas 3pc 1986	96 5/16 xd	...	3.11	9.63
100	97½	Exch. 10½pc Cv '86	99⅞xd	+⅛	10.51	10.91
101⅞	99¼	Treas 12pc 1986	100⅝	...	11.92	10.88
98½	94¼	Treas 8½pc 1984-86‡‡	98 7/16		8.63	10.67
105 3/16	102 1/16	Exch. 14pc 1986	103 3/16 xd	+ 1/16	13.57	10.70
94½	87¼	Exch. 2½pc 1986	94 5/16	− 1/16	2.65	7.97
104 5/16	101¼	Exch. 13¼pc 1987	102 11/16	+ 1/16	12.87	10.61
99 13/16	96⅝	Treas 10¼pcCv '87	99 5/16	...	10.31	10.63
93⅝	85½	Exch 2½pc 1987	93⅝	....	2.69	7.90
100 5/16	96¼	Exch. 10½pc 1987	99 11/16	...	10.51	10.55
95 5/16	89	Funding 6½pc '85-87‡‡	95 5/16 xd	+ 1/16	6.83	9.98
99 3/16	95½	Treas. 10pc 1987	99		10.10	10.63
91¼	84¼	Treas 3pc 1987	91 7/16	+ 1/16	3.28	8.27
102 11/16	99⅝	Treas. 12pc 1987	102 7/16 xd	+ 1/16	11.70	10.59
95	90¼	Treas 7¾pc 1985-88‡‡	94¼		8.18	10.35
100 5/16	95¼	Exch 10½pc '88	100 1/16 xd	+⅛	10.50	10.51
98 1/16	93¼	Treas 9¾pc Cv '88	98 1/16	+⅛	9.96	10.58
87 1/16	80	Transport 3pc '78-88	87 1/16	− 1/16	3.45	8.43
97⅞	91½	Treas. 9½pc '88	97⅜xd	+⅛	9.76	10.54
102¼	97½	Treas 11½pc 1989	102 11/16	+ 1/16	11.20	10.49
97 1/16	90¾	Treas 9½pc Cnv. '89	97¼xd	+⅛	9.79	10.51
83 11/16	79	Treas 3pc 1989	83 11/16 xd	+ 1/16	3.58	8.38
99 11/16	94	Treas 10½pc 1989	99¾	+⅛	10.53	10.56
98 5/16	92	Exch 10pc 1989	98 5/16	+⅛	10.17	10.53
101⅞	95	Exch 11pc 1989	101⅜	+⅛	10.85	10.57
86 5/16	79	Treas 5pc 1986-89	86 5/16 xd	+ 1/16	5.79	9.16
108 11/16	103¼	Treas 13pc 1990‡‡	108⅝	+⅛	11.97	10.40
101⅝	96 11/16	Exch 11pc 1990‡‡	101 7/16	+⅛	10.84	10.51
108¼	100¼	Exch. 12½pc 1990	107	+⅛	11.69	10.49
80 1/16	75¼	Treas. 3pc 1990●	80 1/16 xd	+⅛	3.75	8.35
93	87¼	Treas 8¼pc 1987-90‡‡	92¾	...	8.89	10.23

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
45	34	Macl...an (P & W) 20p	45	.....	†1.7	2.3	5.4	9.3
77	46	Magnolia Group	74	.....	2.6	5.8	5.0	9.0
49	28	♦Mainmet Hldgs 10p	40	.....	—	—	—	♦
436	202	Man. Ship Can. £1	436	+26	5.5	3.5	1.8	22.9
104	70	Marley	91	+1	3.75	2.2	5.9	11.0
107	52	Marling Ind. 10p	90	.....	d1.5	5.1	2.4	11.5
82	36	Marshall L'ry 'A'	76	−2	†2.4	4.9	4.5	5.5
77	55	Marshall's Universal	60	+1	2.0	1.4	4.8	(19.0)
86	78	Do. 7½pcCuRedPf £1	82	.....	7½%	—	13.1	—
£99	£81	♦Mathesons 7¼%	£99	.....	Q7¼%	2.3	8.0	—
35	19	♦Maxiprint 1p	28	.....	—	—	—	—
515	375	Metal Box £1	513	−2	17.25	5.1	4.8	7.7
170	110	Metal Closures	130	.....	6.7	2.0	7.4	8.1
17	3	♦Metal Sciences 2½p	6	−1	—	—	—	—
104	63	♦Midland Marts	70	+2	4.0	2.1	0.3	8.2
83½	55½	Mitchell Cotts	66	−½	4.25	♦	9.6	♦
230	182	Morgan Crucible	598	.....	18.0	1.6	5.9	13.5
32½	22	♦Morris (W) F.A. 20p	30½	+1	g0.5	♦	2.3	♦
131	91	Moss (Robt.) 10p	126	.....	3.0	2.5	3.4	13.9
81	60	Myson Grp 10p	62	−1	g2.5	3.4	5.9	11.6
328	214	♦MMW Computers	258xd	+2½	†d4.8	2.7	2.7	19.2
43	28	Nash Inds.	30	.....	†2.5	1.5	‡	6.9
49	16	Neil & Spencer 10p	28	+2	—	—	—	6.8
44	14½	Newman Inds 10p	29xd	.....	20.3	—	1.5	(13.7)
45½	26	Nolton	45	+1½	11.17	4.5	3.7	8.7
194	146	Norcros	194	+3	8.6	2.2	6.3	9.7
67	45	Nu-Swift 5p	50xd	+1	13.0	1.9	8.6	8.1
114	68	Oakwood Grp.	112	.....	†d4.5	1.4	5.8	(16.3)
250	150	Office & Elect	222	+12	†7.5	2.6	4.9	11.2
108	75	Oldacre 20p	85	.....	4.0	2.6	6.7	7.5
58	37	♦Optometrics $0.01	42	−1	xd02c	—	3.7	—
495	312½	Oriflame £1	445	.....	†23.4	1.8	5.3	10.5
18	10	Ovenstone 12½c	10	.....	♦03.23c	1.9	8.4	6.2
£192	£158	Oxalid 9pc Cnv 87-92	£184	.....	Q9%	—	5.0	—

LEISURE—Continued

1985 High	1985 Low	Stock
210	177	♦Central TV N/V 50p
226	170	Chrysalis
52	7	♦Entertain Prod 5p
78	50	Fairline Boats 10p
390	228	First Leisure £1
69	52	GRA Group 5p
32	25	Grampian TVA 10p
167	117	HTV Non/Vtg.
148	78	Horizon
184	90	Insight
140	102	Intnl Leisure 10p
232	115	Julianas Hldgs 2p
300	217	LWT
38	25	♦Leisure Inv 10p
65	53	Leisuretime Int 10p
115	98	♦Lowndes
183	153	♦Media Tech Int 20p
205	124	Medminster 10p
280	175	[illegible] World 10p
127½	70	[illegible] Leisure
39	14½	♦Ninola Int 20c
27	19½	♦Owners Abroad
53	38	Photax (Lon.)
24½	20	♦P'dilly Radio NV 5p
90	30	♦Pineapple Dnc St 10p
300	183	Pleasurama 5p
150	109	Do. 7pcCvCmRedPf
96	77½	♦Pres. Entertain 50p
65	22½	♦Radio City 'A' NV
55	42	♦Radio Clyde NV
65	34	Riley Leisure 10p
193	143	Saga Hols. 20p
300	108	Samuelson Grp 20p

Miscellaneous

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
55	30	Anglo-Dominion	30	.....	—	—	—
41	34	Anglo Utd Dev	34	...	bd1.05	2.1	4.4
350	117	♥Centennial Min'ls.	572	+7	—	—	—
120	50	♥Colby Res Corp.	60	+8	—	—	—
550	280	Cons. Murch. 10c.	280	.....	g006½c	3.9	8.1
40	24	♦Emex Int. I/10p	31	+1	—	—	—
123	93	Greenwich Res	98	.....	—	—	—
215	115	Hampton Areas 10p	138	−2	5.75	0.9	3.6
260	135	♥Highwood Res.	150	.....	—	—	—
£22½	£17¼	Homestake Mining $1	£17½	.....	Q20c	—	0.8
310	155	♥McFinley Red Lake	225	+5	—	—	—
335	195	♥Mosto Explorations	240	+15	—	—	—
55	23	♥New Sabina Res C$1	40	−½	—	—	—
375	210	Northgate C$1	215	+5	—	—	—
685	538	RTZ	555	...	†20.0	2.0	5.2
£145½	£116½	Do. 9½pcLn '95-2000	£123½	+½	Q9½%	14	7.9
975	910	♥Tara Expln $1	936	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ● Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- I Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▯ No par value.

B.Fr Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	98	.....
Craig & Rose £1	700	.....
Finlay Pkg. 5p	34	.....
Higsons Brew	235	.....
Holt (Jos) 25p	715xd	−15
IoM Stm. £1	87	.....
IRISH		
Fund 11¼% 1988	£101½	.....
Nat. 9¾% 84/89	£97¾	.....
Fin. 13% 97/02	£109	.....
Arnotts	200	+14
CPI Hldgs	62	.....
Carroll Inds.	130	.....
Dublin Gas	75	.....
Hall (R. & H.)	59	.....
Helton Hldgs.	27	+5
Irish Ropes	45	.....
Unidare	108	.....

For Jacob (W. & R.) see Foods

"Recent Issues" and "Rights" Page 38
(International Edition Page 32)

LONDON STOCK EXCHANGE

MARKET REPORT

Profit-taking leaves blue chips well below best

Index closes 1.3 up at 1028.8

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sept 30	Oct 10	Oct 11	Oct 21
Oct 14	Oct 24	Oct 25	Nov 4
Oct 28	Nov 7	Nov 8	Nov 18

* "New-time" dealings may take place from 8.30 am two business days earlier.

Last Friday's record-breaking run in leading equities showed signs of faltering as the first session of the new trading account progressed yesterday.

Drawing encouragement from Friday's improvement on Wall Street, buyers showed renewed enthusiasm for blue chip industrials. However, the upward momentum soon began to slacken as some short-term operators decided to take profits. This coincided with the announcement of disappointing provisional retail sales figures for September.

The major preliminary statement of the day from Glaxo was no better than expected and tended to dampen further buying interest. As a result most leading issues closed well below the day's best.

Never the less, the Financial Times Ordinary share index, which touched 1036.0 at one stage yesterday, still managed to break through last Friday's record by a *whisker*, closing 1.3 higher at an all-time peak of 1028.8.

Engineering shares were much quieter after last week's upsurge, but Building issues again met with a considerable amount of buying attention in early dealings. Electricals also attracted interest initially, particularly GEC, which were the subject of *fairly widespread comment in* the weekend press.

Overall conditions were quite lively. Company trading statements results in a number of above average movements, while press mention met with a ready response.

Once again, Government securities were a relative backwater as potential investors appeared to adopt a cautious attitude awaiting the Chancellor's Mansion House speech which is expected to throw some light on the authorities' future policy on funding and money supply. *Most quotations were* inclined harder, although stocks within the area of the new tap, Treasury 10 per cent 2001 announced on Friday, eased ⅛ to ¼.

Comm. Union rise

Insurances benefited from publicity given to a chart breakout signal for **Commercial Union**, which rose 7 to 238p. Other Composites followed and **General Accident** gained 12 to 625p, while **Sun Alliance**, 470p, and **Royals**, 688p, appreciated 8 apiece.

Fresh enthusiasm was shown *for Building issues and leading* quotations made further good progress before settling a shade below the best. **Blue Circle** closed 5 higher at 546p and **Redland** 7 to the good at 322p, while **RMC** gained 6 more to 446p xd. **Taylor Woodrow** rose 11 to 508p and **Costain** 4 to 476p. **John Mowlem** highlighted secondary issues, rising 26 to 314p on good interim results and the decision to offer up to 30 per cent of its Mowlem Technology subsidiary to the public in the U.S. **French Kier** continued to attract buyers on hopes of a bid from **Trafalgar House** and put on 9½ to 220p xd; **TH** hardened 4 to 354p. **Attwoods** rose 7 to 120p in reply to excellent annual results and major shareholder **British Car Auctions** gained 8 to 91p in sympathy. On the other hand, profit-taking in the wake of the preliminary results clipped 4 from recently-firm **Bryant Holdings**, at 81p, while adverse press comment lowered **Magnet and Southerns** 10 to 130p. Elsewhere, **Sharpe and Fisher** gained 5 to 95p on speculative buying and **Helical Bar** put on 7 to 49p on the same reason. Press comment stimulated support for **John Maunders**, 8 up at 142p, and **Berkeley Group**, 7 higher at 217p, but USM-quoted **Ramus** shed 3 to 72p following lower profits.

Recently-dull **Amersham International** revived strongly and touched 313p before closing 10 higher at 310p.

A promising session in Stores was nipped in the bud by the announcement of disappointing provisional *retail sales figures* for September. With the exception of **Woolworth**, which touched a new high of 508p before settling 10 higher on balance at 503p, the leaders usually displayed modest losses. **Burton** shed 5 more to 525p, while **British Home Stores**, interim figures due tomorrow, eased a couple of pence to 296p. Elsewhere, **Owen Owen** rose 6 to 460p xd, while unwelcome bidders **Clayform Properties** improved a similar amount to 218p, after 223p. Press mention lifted **Asprey** 20 to 450p, while *revived speculative interest was* noted in **Gabicci**, 6 up at 106p, and in **Telefusion**, 5 up at 34p.

Electricals lively

Leading Electricals began the new account on an encouraging note. **Cable and Wireless** were particularly lively and attained an all-time peak of 635p before settling only 10 up on balance at 615p as the Office of Telecommunications gave the go-ahead for C and W's Mercury subsidiary to interconnect with **British Telecom's** network. The *latter, unsettled by competition* worries, fell 4 more to 187p. In contrast, **Telephone Rentals** advanced 10 to 190p. Press comment prompted renewed demand for **GEC** which rose to 174p before closing at 170p—a net rise of 4. Similar progress was noted for **Racal**, 156p and **Plessey**, 136p. Press comment highlighting the potential value *of the Thames Television* programme library buoyed majority shareholders **Thorn EMI**, 8 better at 361p, and **BET**, 5 up at 338p. **Farnell** rose 10 to 169p after announcing increased first-half profits, but **UEI**, also reporting interim results, dipped 4 to 204p. Fresh support was forthcoming for takeover favourite **Unitech**, 11 higher at 198p, but reports of a falling share in the computer market upset **Apricot** which slumped 16 to 62p.

The Engineering sector attracted further good demand and made progress at the outset before coming under considerable pressure from profit-taking in mid-session. **Hawker Siddeley**, a firm feature at the end of last week, opened firmer and improved to 407p before substantial profit-taking lowered the shares to a closing level of 391p, a net decline of 10, ahead of tomorrow's interim results. **Westland** touched 95p in the morning but later subsided to end the *day at 87p, up 4 on balance,* following the statement from Lazard Brothers, the company's financial advisors, regarding the possibility of a bid for Westlands from Mr Alan Bristow. **Babcock International** made further good progress and rose 5 more to 153p, while favourable press comment prompted support for **Aurora**, 2½ up at 41p and **BM Group**, 10 to the *good* at 132p; the latter's preliminary results are expected today. Elsewhere **Brasway** were a shade easier at 64p "ex-rights" with the new finally quoted at 8p premium. The increased interim profits and dividend encouraged buying of **Senior Engineering**, which attained a year's high of 34p before closing a net 1½ up at 32½p, but the half-timer from **Ash and Lacy** proved disappointing and left the shares 10 off at 338p.

Among Foods, confectioners **Bassett** improved 5 to 165p following press comment. In *sympathy, Needlers gained 10 to* 134p in a restricted market and **Bluebird**, annual results due on Thursday, firmed 3 to 75p. Elsewhere, **Bernard Matthews** attracted support at 500p, up 18, while buying ahead of Thursday's preliminary results lifted **Albert Fisher** 5 to 131p.

Aerospace up again

The majority of leading miscellaneous industrials tended to wilt after a firm opening, but **British Aerospace** were again a strong performer and touched *468p on hopes of further* aircraft contracts prior to closing a net 20 up at 460p. **Glaxo's** annual profits failed to match market estimates, but the scrip issue proposal and increased dividend went some way to compensating and the price settled ½ lower at £13¼, after £13. **Pilkington Brothers** continued Friday's revival with a fresh gain of 4 *at 277p and* **Beecham** firmed the same amount to 307p. Elsewhere, **English China Clays** gained 9 to 255p on takeover hopes while **Bestwood** rose 15 to 465p, after *475p*, following a leasehold property purchase. Hopes of a takeover bid following the acquisition of a 10 per cent stake by Hillsdown Holdings lifted **Office and Electronic Machines** 12 to 22p; **Hillsdown** moved up 8 to 170p. **Barham** gained 8 to 143p in response to sharply increased interim profits, while **Rockware** improved 2 to 44p on the mid-term profits recovery. **Helton** were marked 5 higher to 27p following a bid approach and **AGB Research** gained 15 to 225p after the chairman's confident statement at the annual meeting. ***AAH*** found support at 176p, up 7 and **Manchester Ship Canal** moved up 26 to 436p. Demand in a restricted market lifted **Cannon Street Investments** 15 to 80p.

Among Leisure issues, **Medminster** shed 10 to 190p following disappointing annual results, but **First Leisure** gained 15 to 390p in response to favourable press comment.

Motors continued to feature *Lucas Industries which* advanced 10 more to 413p amid persistent bid talk. **Dowty** hardened 4 more to 211p. **Charlie Browns Car Part Centres** added 4 at 100p in response to the sharply increased preliminary profits. **AC Cars** attracted a lively business in the wake of a newsletter recommendation and rose 15 to 55p, after 58p.

Fleet Holdings advanced 15 to 376p and quickly established a premium on the increased and final offer from **United Newspapers**; the latter, which has *lifted its stake in* Fleet to just over 41 per cent via further purchases in the market, fell 12 to 290p, after 288p. Other Publishers fared well with **Associated Newspapers** 20 higher in a thin market at 975p and **Daily Mail A** a point dearer at £14½. Paper/Printings featured fresh support of **DRG**, 7 up at 203p, and **BPCC**, 4 to the good at 205p. **Cradley** advanced 4 to 50p in response to doubled full-year profits.

Properties displayed several noteworthy movements. **Peachey** attracted support awaiting today's annual results and touched 280p *before* closing 5 higher at 278p, while **Samuel** firmed 2 to 176p following the sale of its leasehold interest in a Brompton Road property for £3.5m. **London and Edinburgh** spurted 18 to 378p on hopes that Mr John Gunn, the former Exco International chief executive, may join the company on a part-time basis. **Property Holding and Investment** added 3 at 129p on takeover hopes and **Asda Property** moved up 4 to 216p ahead of tomorrow's interim figures. **Hammerson A**, marked up to 480p immediately after the announcement of the half-year results, subsequently drifted off to close 10 lower at 465p. Takeover speculation buoyed estate agents and **Connells** rose 12 to 142p, while **Mann and Company** gained 8 to 202p.

Dealings in **Carpets International** and **John Crowther**, both suspended early in August of this year, resumed following completion of Crowther's acquisition of the former's UK carpets operation. Crowther opened at 71p and quickly advanced to 83p before settling at 79p ex-rights issue; the new nil-paid shares traded between 15p premium and 24p premium before closing at 19p premium. Carpets International, shortly to change its name to Debron Investments, *closed* at 55p. *Elsewhere in* Textiles, **Lister** hardened a couple of pence more to 70p, after 74p, following press comment, while buyers also displayed enthusiasm for **Readicut**, finally 3½ to the good at 35p.

A number of firm features emerged among Financials. Most were directly attributable to comment in the weekend press and foremost was stockjobbers **Smith Bros** which advanced 11 to 154p on renewed speculation that Rothschild was set to dispose of its 24 per cent stake. *Akroyd and Smithers* advanced 20 to 430p in sympathy. **Oceana Consolidated** spurted 8 to 47p, after 51p, and **Ivory and Sime** rose 16 to 156p, but **Argyle Trust**, up to 43p amid vague bid hopes, settled a net penny cheaper at 38p. Bid talk also resurfaced in **Britannia Arrow**, 7 dearer at 114p, with the Warrants 4 up at 35p. **Aitken Hume**, buoyant on *Friday* following news of the proposed purchase of Sentinel Insurance, ran into profit-taking and slipped 8 to 155p.

Oils subdued

The oil sector remained in the doldrums and leading issues did little more than drift easier in *extremely* quiet trading. The big two—**BP** and **Shell**—dipped a few pence apiece to 540p and 685p respectively, as did **Britoil**, to 210p, and **LASMO**, to 263p. **Burmah** hardened a shade to 317p during early dealings reflecting press suggestions of an early sale of its Rawlplug subsidiary, but subsequent profit-taking left the shares a net 3 down at 313p. Second-line stocks provided isolated firm spots—**Great Western Resources** added 5 more to 120p and **Petranol** rose a like amount to 135p—but business here also contracted.

Golds improve

Recently quiet South African sectors of mining markets began to attract buying interest and made good progress helped by the *continuing firmness of the* bullion price. The latter edged up $1 to close at $327 an ounce. The return of many Johannesburg dealers after last week's Kruger Day celebration prompted a marked increase in demand from the Republic at the outset of trading and gold share prices were quick to respond.

Another firm showing by Australian industrials in overnight domestic markets tended to direct interest away from the mining sector. Most marked time in Sydney and Melbourne and gradually gave ground during London trading. **MIM Holdings** were an exception and improved 3 more to 128p following the first-quarter return to profitability.

Active conditions again prevailed in Traded Options. Total contracts transacted amounted to 12,815—the highest since August 1. **British Telecom** attracted an *extremely buoyant business* ahead of the Oftel ruling with 868 calls and a massive 2,256 puts struck. Both **GEC** and **Commercial Union** attracted four-figure call business.

FINANCIAL TIMES STOCK INDICES

	Oct. 14	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 7	year ago
Government Secs	84.16	84.14	84.10	84.08	84.02	84.16	79.41
Fixed Interest	89.21	90.09	90.06	89.96	89.86	89.89	84.66
Ordinary ♥	1028.8	1027.5	1017.8	1007.0	1007.2	1012.4	881.5
Gold Mines	294.6	291.4	290.2	290.8	286.2	287.4	554.5
Ord. Div. Yield	4.65	4.64	4.67	4.71	4.72	4.71	4.81
Earnings, Yld. % (full)	11.38	11.55	11.44	11.54	11.55	11.52	11.48
P/E Ratio (net) (*)	10.87	10.90	10.82	10.70	10.75	10.74	10.44
Total bargains (Est.)	24,498	22,721	21,837	20,646	21,812	21,718	21,001
Equity turnover £m.	—	559.58	467.02	397.01	313.65	348.14	553.24
Equity bargains	—	25,432	21,202	12,830	16,270	12,221	20,277
Shares traded (ml)	—	297.4	246.3	203.4	170.7	179.5	149.5

♥ 10 am 1035.2. 11 am 1035.2. Noon 1031.6. 1 pm 1029.2. 2 pm 1029.5. 3 pm 1028.9. 4 pm 1028.8.
Day's High 1036.0. Day's Low 1028.3.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil=10.48.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.51 (4/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.09 (11/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1028.8 (14/10)	911.0 (25/7)	1028.8 (14/10/85)	49.4 (26/6/40)
Gold Mines	556.8 (15/4)	280.1 (29/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Oct. 11	Oct. 10
Daily		
Gilt Edged Bargains	147.0	105.1
Equities Bargains	164.8	157.4
Equities Value	108.2	944.0
5-day Average		
Gilt Edged Bargains	141.2	142.3
Equities Bargains	135.5	167.0
Equities Value	833.4	783.1

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon Oct 14 1985 — Fri Oct 11 — Thurs Oct 10 — Wed Oct 9 — Year ago (approx.)

Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$340	24	2.50	—	—	11	20	$322.80
GOLD C	$350	10	1	—	—	—	—	"
GOLD P	$280	60	0.50	—	—	—	—	"
GOLD P	$300	—	—	103	5	—	—	"
GOLD P	$320	00	2.50	00	6.50	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 18,186
A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock
DM(98)	Nil	—	90pm	55pm	BASF A.G. DM 50
11	F.P.	11/11	11¼	10½	Blacks Leisure 10p
56	Nil	—	2pm	8pm	Brasway 10p
48	F.P.	22/11	65	57	Burns-Anderson 10p
86	F.P.	11/11	125	105	City Site Estates
00	Nil	—	22pm	15pm	Crowther (J.)
165	Nil	6/11	57pm	15pm	DRG
210	F.P.	22/11	260	245	Emess Lighting
5	Nil	30/10	12pm	5pm	Howard & Wyndham
10	Nil	12/11	¼pm	¼pm	✠Humberside Elect.
225	Nil	6/12	78	55	ML Hldgs

For Greenfields Black see Blacks Leisure.

price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).
Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Introduction. ✠ Unlisted Securities Market. letters or fully paid. price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (162)

BRITISH FUNDS (6)
BANKS (3)
BUILDINGS (26)
CHEMICALS (4)
STORES (6)
ELECTRICALS (9)
ENGINEERING (8)
FOODS (6)
INDUSTRIALS (28)
INSURANCE (3)
LEISURE (2)
MOTORS (2)
NEWSPAPERS (3)
PAPER (3)
PROPERTY (27)
TEXTILES (3)
TOBACCOS (1)
TRUSTS (17)
OILS (1)
OVERSEAS TRADERS (1)
MINES (2)

NEW LOWS (30)

INT. BK. & O'SEAS GOVT. STLG. ISS. (1)
Mexico 16½pc 2008
AMERICANS (2)
Alcoa Colt Inds.
STORES (1)
Goldsmiths
ELECTRICALS (9)
Acorn Computer, Apricot Computers, DDT, Klark-Teknik, Philcom, Prestwick, Sarasota Tech., Security Tag Systs.
INDUSTRIALS (5)
Bespak, ICC Oil, Intereurope Tech., Sidlaw, Standard Fireworks
PROPERTY (1)
Clarke Nickolls
SOUTH AFRICANS (1)
Barlow Rand
TEXTILES (1)
Corah
TRUSTS (1)
Leda Inv. Inc.
OILS (3)
Edinburgh Oil Gas, Sapphire Petroleum, Tuskar Resources
PLANTATIONS (1)
Anglo-Indonesian
MINES (4)
Afro-West, Asia Oil Minerals, Central Pacific, Kia Ora Gold

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	45	11	52
Corpns. Dom. & Foreign Bonds	1	11	69
Industrials	481	254	749
Financial & Props.	211	38	311
Oils	30	22	75
Plantations	2	2	14
Mines	46	36	104
Others	98	34	73
Totals	914	408	1,447

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 7	Oct 18	Jan 9	Jan 20
Oct 21	Nov 1	Jan 23	Feb 3
Nov 4	Nov 15	Feb 6	Feb 17

For rate indications see end of Unit Trust Service

Call options were transacted in STC, Monument Oil and Gas, Eglinton Oil and Gas, Oil Search, Polly Peck, Widney, C. H. Bailey, Campari International, Aitken Hume, BBA, Martin Ford, Milford Docks, Argyle Trust, Petranol and "The Times" Veneer. No puts were reported but a double was done in Aitken Hume.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock — Closing price — Day's change

[illegible]

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock — No. of changes — Fri. close — Day's change

[illegible]

LONDON TRADED OPTIONS

[illegible]

October 14 Total Contracts 12,815 Calls 8,393 Puts 4,422
*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

Oct. 14	Price Sch%	+ or —
Creditanst'lt ppd	379	+7
Goesser	500	—
Interunfall	1,510	—20
Laendsrbank	333	+1
Perlmooser	638	—2
Stey-Daimler	145	+1
Veitscher Mag	700	+15

BELGIUM/LUXEMBOURG

Oct. 14	Price Frs.	+ or —
B.B.L.	2,800	+45
Banq. Gen. Lux	7,800	—
Banq. Int.A.Lux	7,700	+100
Bekaert	6,990	+300
Ciment OBR	2,660	+150
Cockerill	211	+9
Delhaize	9,000	+350
EBES	3,520	+300
Electrobel	10,000	+610
Fabrique Nat.	2,150	+130
GB Inno BM	4,705	+205
GBL (Brux)	2,350	+150
Gevaert	4,490	+130
Hoboken	5,850	+650
Intercom	2,870	+380
Kredietbank	9,500	+400
Pan Hldgs	2,460	—
Petrofina	6,530	+230
Royale Belge	13,300	—
Soc. Gen. Banq	4,130	+375
Soc. Gen. Belge	8,020	+115
Sofina	7,900	+330
Solvay	5,600	+800
Stanwick Intl	1,170	—
Tractionel	4,370	+270
UCB	5,670	+520
Wagon Lits	3,920	+165

DENMARK

Oct. 14	Price Knr %	+ or —
Andelsbanken	385	+3
Baltic Skand	515	—30
Cop Handelsb'nk	338	+1
D. Sukkerfab	496	+6
Danske Bank	371	+3
De Danske Luft	1,430	—
East Asiatic	261	—4
Forenede Brygg	1,075	—
Forenede Damp	224	+1
GNT Hld	665	—
I.S.S.B.	625	—
Jyske Bank	745	—
Novo Inds	1,260	—
Privatbanken	330	+4
Provinsbanken	495	+10
Smidth (F.L.) B	545	+8
Sophus Berend	1,105	—
Superfos	399	+8

FRANCE

Oct. 14	Price Frs.	+ or —
Emprunt 4½% 1975	1,686	—
Emprunt 7% 1976	8,100	+40
Accor	248	+2.6
Air Liquide	526	+10
BIC	430	+4
Bongrain	1,405	+5
Bouygues	680	+110
BSN Gervais	2,060	+30
CIT Alcatel	1,187	+17
Carrefour	2,170	+81
Club Mediter'n	402	+11.8
Cie Bancaire	623	+5
Cofimeg	288	+0.8
Damart	1,610	—2
Darty	1,410	+10
Dumez S.A.	741	+3
Eaux (Cie Gen)	585	+14
Elf-Aquitane	186	+1
Essilor	1,880	—
Gen.Occidentale	656	+3
Imetal	74.9	—0.1
Lafarge Coppee	510	+12.5
L'Oreal	2,290	+60
Legrand	2,053	—16
Maisons Phenix	175.5	+2.6
Matra S.A.	1,680	+28
Michelin B	1,084	+9
Midi (Cie)	3,046	—3
Moet-Hennessy	1,851	+7
Moulinex	58.9	—0.1
Nord Est	107.1	—1.3
Pernod Ricard	668	+17
Perrier	437	+3.5
Petroles Fra.	232.3	+5.6
Peugeot S.A.	383	+3
Printemps (Au)	275	+8
Radiotech	323	+1
Redoute	1,378	+3
Roussel-Uclaf	1,435	+21
Selimeg	348	—
Skis Rossignol	1,160	—40
Telemec Elect	2,460	+10
Thomson (CSF)	618	+3
Valeo	850	—

GERMANY

Oct. 14	Price Dm.	+ or —
AEG	165s	—
Allianz Vers	1,678	+8
BASF	252.5	+7.5
Bayer	235.8	+2.3
Bayer.Hypo	441.5	+11.5
Bayer-Verein	440	+5
BHF-Bank	368	—4
BMW	488	—2
Brown Boveri	281.5	+6
Commerzbank	244.5	+3
Cont'l. Gummi	160.7	+1.8
Daimler-Benz	1,075	+38
Degussa	457	—7
D'sche Babcock	176	+0.5
Deutsche Bank	582	+11
Dresdner Bank	337.6	+8.5
GHH	195	—3
Hochtief	760	—27
Hoechst	236.7	+5
Hoesch Werke	141	+5.6
Holzmann (P)	680	+5.5
Horten	210.5	—7.5
Hussel	320	+5
Karstadt	284	+11
Kaufhof	516	+0.5
KHD	295	+2
Kloeckner	79.5	+1
Linde	872	+13
Lufthansa	228.5	+0.5
MAN	180	+1
Mannesmann	229.5	+0.5
Mercedes Hld	271.5	+37.5
Metallgesell	303.9	+5.9
Muench Rueck	1,880	—20
Nixdorf	571.5	+1.5
Porsche	1,294.5	+0.5
Preussag	254	+3.5
Rhein West Elect	210.5	—5.5
Rosenthal	302	+3
Schering	542	+4
Siemens	592	—7.5
Thyssen	150.4	+2
Varta	259.5	+5.6
Veba	265.5	+4.5
V.E.W.	145.0	—1.7
Verein-West	358	+4
Volkswagen	329	+5.6

ITALY

Oct. 14	Price Lira	+ or —
Banco Com'le	25,210	—240
Bastogi-IRBS	574.75	+6.25
Bi-Invest	5,310	—
Centrale	3,560	—
Credito Varesino	5,839	—11
Fiat	4,895	+45
Finsider	—	—
Generali Assicur	64,000	+600
Italcementi	48,100	—650
La Rinascente	236	—9
Montedison	2,363	+1
Olivetti	7,575	—28
Pirelli Co	5,000	+40
Pirelli Spa	3,102	—13
Saipem	7,120	+90
Snia BPD	3,816	—9
Toro Assic	18,700	+100
do. Pref.	15,050	+10

NETHERLANDS

Oct. 14	Price Fls	+ or —
ACF Holding	230	—
AEGON	93.8	+0.5
Ahold	287	+4
AKZO	121.2	+1.3
ABN	488	+3.5
AMEV	268.6	—
AMRO	84.4	+0.9
Bredero Cert	161.5	+1
Bos Kalis Westm	16.5	+0.5
Buehrmann-Tet	99.5	+0.5
Calland Hlgs	28.6	—0.3
Dordtsche Pet'm	173.7	+0.4
Elsevier-NDU	136.5	+2.3
Fokker	68.8	+0.3
Gist Brocades	215.2	+2.5
Heineken	164.8	+1.9
Hoogovens	60.8	+1.1
Int Mueller	67.2	+0.2
KLM	53.3	+0.3
Naarden	46.8	+0.8
Nat Ned Cert	70.2	+0.5
Ned Mid Bank	199	+0.5
Nedlloyd	182	+0.5
Oce Grinten	333	+0.5
Ommeren (Van)	28.2	—
Pakhoed	65.4	—0.1
Philips	46.7	+0.5
Robeco	76.8	+0.5
Rodamco	135	+0.5
Rolinco	59	+0.2
Rorento	46.8	+0.1
Royal Dutch	188.3	+0.2
Unilever	325.3	+2.7
VMF Stork	253.9	+2.3
VNU	216.5	+0.5
Wessanen	187.5	+0.6
West Utr Bank	93.8	+0.4

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Oct. 14	Price Kroner	+ or —
Bergens Bank	164	+1
Borregaard	450	+1
Christiania Bank	163.5	—2
DenNorske Cred	163	—1
Elkem	118	+1
Kosmos	190	—
Kvaerner	172.5	+2.5
Norske Data	591	+3.5
Norsk Hydro	128.5	+1.5
Storebrand	675	+1

SPAIN

Oct. 14	Price Pta%	+ or —
Bco Bilbao	348	+3
Bco Central	318	+5
Bco Exterior	200	+1
Bco Hispano	143	—
Bco Popular	354	—
Bco Santander	362	—1
Bco Vizcaya	475	+1
Dragados	145	—6
Hidrola	83.2	—
Iberduero	97.0	+1.8
Petroleos	138	+2
Telefonica	127.7	+3.5

SWEDEN

Oct. 14	Price Kronor	+ or —
AGA	129	+1
Alfa-Laval B	185	—5
ASEA (Free)	285	—
Astra (Free)	432	+12
Atlas Copco	121	—
Cardo (Free)	220	+2
Cellulosa	136	+1
Electrolux B	140	—
Ericsson B	192	—2
Esselte	535	—10
Mo och Domsjo	172	—2
Pharmacia	157	—3
Saab Scania Free	420	—
Sandvik	490	—
Skandia	240	—6
Skan Enskilda	56	+0.6
SKF	234	—1
St Kopparbergs	160	—
Sonesson	152	—4
Sven Handlesbn	181	+1
Swedish Match	210	—8
Volvo B (Free)	216	—5

SWITZERLAND

Oct. 14	Price Frs.	+ or —
Adia Intl.	4,500	+60
Alusuisse	710	—4
Bank Leu	3,700	—
Brown Boveri	1,660	—10
Ciba Geigy	3,395	—5
do. (Part Certs)	2,810	—5
Credit Suisse	3,985	+25
Elektrowatt	3,380	—15
Fischer (Geo.)	1,020	+10
Hoff-Roche PtCts	97,000	—1000
Hoff-Roche 1/10	9,700	—125
Jacobs Suchard	7,600	+100
Jelmoli	3,300	—25
Landis & Gyr	2,140	—
Nestle	7,595	—30
Oer-Buehrle	1,470	—30
Pirelli	370	—3
Sandoz (Br)	8,125	+76
Sandoz (Pt Cts)	1,445	+10
Schindler (PtCts)	840	—10
Sika	1,515	—65
Surveillance A	5,570	+20
Swissair	1,495	—5
Swiss Bank	475	—
Swiss Reinsce	11,250	—100
Swiss Volksbk	2,070	+20
Union Bank	4,315	+16
Winterthur	4,370	—3
Zurich Ins.	6,500	—

AUSTRALIA

Oct. 14	Price Aust $	+ or —
ANZ Group	5.12	—0.04
Alliance Oil Dev.	1.05s	—
Ampol Pet.	2.52	+0.02
Ashton	1.06	+0.01
Aust. Cons. Ind	2.92	—
Aust. Guarantee	2.85	+0.3
Aust. Nat. Ins.	2.85	+0.07
APM	3.06	+0.01
Bell Group	11.6	—
Bell Res.	10.3	—0.2
Bond Corp Hldgs	2.48	+0.01
Boral	3.48	+0.08
Bougainville	8.06	—
Brambles Inds	4.3	+0.05
Bridge Oil	2.5	—0.1
B. H. Prop.	8.84	+0.08
CRA	5.84	+0.04
CSR	3.75	—
Castlemaine Tys	8.0	—
Coles (G.J.)	4.4	+0.05
Comalco "A"	2.02	+0.01
Consolidated Pet	0.45	—
Costain Aust.	2.2	—
Dunlop Olympic	2.55	+0.01
Elders IXL	3.8	—0.03
Energ Res.	1.8	—0.05

AUSTRALIA (continued)

Oct. 14	Price Aust.$	+ or —
Gen. Prop. Trust	2.15	+0.01
Hardie (James)	3.4	—0.05
Hartogen Energy	2.3	+0.05
Herald W'yTimes	5.56	+0.1
ICI Aust	2.01	+0.01
Jimberlana F.P.	0.29	—
Kia Ora Gold	0.13	—
Lend Lease	8.5	+0.02
MIM	2.55	—0.05
Mayne Nickless	3.4	—
Myer Emporium	3.55	—0.15
Nat. Aust. Bank	5.04	—0.06
News	8.0	+0.1
Nicholas Kiwi	2.25	—
North Bkn Hill	2.52	+0.02
Oakbridge	1.43	+0.03
Pancontinental	1.95	—0.04
Pioneer Conc	2.42	—
Poseidon	3.55	—
Queensland Coal	1.54	+0.02
Reckitt&Colman	4.05	—
Repco	1.48	—
Santos	5.5	—
Smith (Howard)	6.24	+0.04
Thos. Natwide	2.45	—
Tooth	5.8	—
Vamgas	3.8	+0.06
Western Mining	3.8	—0.1
Westpac Bank	5.26	+0.02
Woodside Petrol	1.45	+0.04
Woolworths	3.38	—
Wormald Intl.	5.85	—

HONG KONG

Oct. 14	Price H.K.$	+ or —
Bank East Asia	81.6	—
Cheung Kong	18.5	+0.1
China Light	16.1	+0.2
Evergo	0.78	—
Hang Seng Bank	42.0	+0.5
Henderson Land	2.22	—
HK China Gas	10.6	—0.2
HK Electric	7.95	+0.05
HK Kowloon Wh.	6.85	—0.05
HK Land	5.45	—
HK Shanghai Bk.	7.1	+0.1
HK Telephone	8.65	—
Hutchison Wpa	25.7	—0.2
Intnl. City	0.97	—0.01
Jardine Math	12.4	+0.1
New World Dev.	7.7	+0.05
Orient O'seas	1.99	—
SHK Props	12.9	+0.3
Shell Elect	1.0	—
Swire Pac A	25.0	+0.4
TV—B	6.2	—
World Int. Hldgs.	2.17	+0.02

JAPAN

Oct. 14	Price Yen	+ or —
Ajinomoto	1,170	—
All Nippon Air	615	—5
Alps Electric	1,340	—40
Asahi Chem	797	+8
Asahi Glass	840	—10
Bank Tokyo	780	+6
Bridgestone	546	—
Brother Inds	530	+6
Canon	1,110	—30
Casio Comp	1,680	—20
Daiei	735	+3
Dai-Ichi Kan. Bk.	1,480	—10
Dai Nippon Ink	305	—
Dai Nippon Ptg	1,060	—30
Daiwa House	980	+17
Daiwa Sec.	901	+5
Eisai	1,300	—
Fanuc	7,050	—90
Fuji Bank	1,650	+10
Fuji Film	2,140	—
Fujisawa	863	+14
Fujitsu	1,040	—10
Furukawa Elect.	340	+6
Green Cross	2,350	+50
Heiwa Real Est	800	+25
Hitachi	690	—7
Hitachi Credit	1,120	+60
Honda	1,160	+60
Indl. Bk. Japan	1,240	—10
Ishikawajima Hr.	203	+6
Isuzu Motors	355	+2
Itoh (C)	440	+5
Ito. Yokado	2,970	—10
JAL	6,150	—10
Jusco	905	+10
Kajima	553	+10
Kao Soap	965	+8
Kawasaki Steel	160	—
Kirin	770	+12
Kobe Steel	221	+4
Komatsu	559	—6
Konishiroku	707	—5
Kubota	405	—5
Kumagai	840	+25
Kyocera	3,650	+20
Marubeni	390	+8
Marui	1,570	+10
Mazda Motors	419	+10
Meiji Seika	677	+20
MEI	1,200	—20
M'bishi Bank	1,480	—20
M'bishi Chem	490	+11
M'bishi Corp	660	+11
M'bishi Elect	375	—6
M'bishi Estate	1,130	+30

JAPAN (continued)

Oct. 14	Price Yen	+ or —
MHI	460	+10
Mitsui Bank	1,130	—30
Mitsui	478	+12
Mitsui Estate	1,140	+80
Mitsui Toatsu	334	—1
Mitsukoshi	689	—1
Nikko Sec	833	+3
Nippon Denso	1,310	—30
Nippon Elect	1,070	—10
Nippon Express	699	+18
Nippon Gakki	1,270	—30
Nippon Kogaku	845	—6
Nippon Kokan	153	+2
Nippon Oil	761	—13
Nippon Seiko	471	+6
Nippon Shimpan	766	—2
Nippon Steel	191	+2
Nippon Suisan	389	—
Nippon Yusen	378	+6
Nissan Motor	597	—
Nisshin Flour	476	—1
Nomura	1,220	+10
Olympus	1,020	—30
Onoda Cement	348	+3
Orient Finance	928	—17
Orient Leasing	2,560	—
Pioneer	1,660	—10
Ricoh	934	+10
Sankyo	1,050	+10
Sanwa Bank	1,340	—
Sanyo Elect	414	—
Sapporo	648	+1
Sekisui Prefab	279	+14
Seven-Eleven	8,250	+150
Sharp	809	—12
Shimizu Constn	437	+2
Shionogi	789	+14
Shiseido	1,170	+50
Showa Denko	225	—3
Sony	3,570	—110
S'tomo Bank	1,750	+20
S'tomo Chem	275	—5
S'tomo Corp.	813	—5
S'tomo Elect	790	—
S'tomo Metal	160	—
Taisei Corp	412	+12
Taisho Marine	643	+13
Taiyo Kobe Bank	725	—
Takeda	908	+15
TDK	3,980	—80
Teijin	541	—8
Toa Nenryo	1,110	—20
Tokai Bank	1,000	—
Tokio Marine	274	+18
Tokyo Elect Pwr	2,640	+30
Tokyo Gas	325	+5
Tokyu Corp	810	+13
Toppan Print	875	—2
Toray	574	—
Toshiba Elect	593	—7
Toyo Seikan	1,560	+90
Toyota Motor	1,130	—10
UBE Inds	238	—
Victor	1,410	—30
Yamaha	680	+20
Yamaichi Sec	776	—2
Yamazaki	857	—
Yasuda Fire	618	+8

SINGAPORE

Oct. 14	Price $	+ or —
Boustead Hldgs.	1.58	—
Cold Storage	3	—
DBS	6.45	—
Genting	5.85	+0.05
Haw Par. Bros.	3.13	—0.03
Hong Leong Fin.	2.55	—0.02
Inchape Bhd	2.09	—0.02
Keppel Shipyard	1.14	—0.03
Malay Banking	5.65	—0.1
Malay Utd. Ind	2.3	—0.06
Multi Purpose	0.84	—
OCBC	8.05	—0.1
OUB	2.72	—0.02
Public Bank	1.35	—0.04
Sime Darby	1.8	—0.05
Singapore Press	8	—
Straits Trdg.	4.8xc	—0.02
Tat Lee Bk	2.5	—0.07
UOB	3.48	—0.04

SOUTH AFRICA

Oct. 14	Price Rand	+ or —
Abercom	1.53	—
AECI	7.9	+0.1
Allied Tech	55	—
Anglo Am. Coal	56	—
Anglo Am. Corp	33.25	+0.25
Anglo Am. Gold	180	—
Barclays Bank	17.5	—
Barlow Rand	11.05	+0.05
Buffels	74.25	+0.5
CNA Gallo	2.55	—
Currie Finance	4.20	—
De Beers	12.80	+0.25
Driefontein	61	+0.65
FS Geduld	81	+2
Gold Fields SA	54	—
Highveld Steel	5.75	+0.05
Nedbank	11.7	+0.8
OK Bazaars	12.0	—
Protea Hldgs	8.07	—0.01
Rembrandt	45.0	—1
Rust Plat	85	+0.5
Safren	13	—
Sage Hldgs	2.5	—
SA Brews	7.5	+0.05
Smith (CG)	25	—0.5
Tongaat Huletts	6.20	—
Unisec	6.9	+0.1

Indices

NEW YORK-DOW JONES

	Oct 14	Oct 11	Oct 10	Oct 9	Oct 8	High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,346.33*	1,339.94	1,328.07	1,326.72	1,325.49	1,333.11	1359.54 (19/7)	1184.96 (4/1)	1359.54 (19/7/85) / 41.22 (2/7/32)
Transport	657.42*	647.47	642.32	642.56	640.80	649.11	702.6 (17/7)	553.03 (4/1)	702.88 (17/7/85) / 12.32 (8/7/32)
Utilities	153.98*	154.08	153.88	154.88	153.57	154.19	168.81 (12/7)	146.54 (4/1)	168.81 (12/7/85) / 10.5 (28/4/42)
Trading vol		88.3m	91.5m	89.9m	91.2m	127.5m	—	—	— / —

	Sept 28	Sept 20	Sept 13	Year Ago (Approx)
Ind Div Yield %	4.66	4.74	4.71	4.78

STANDARD AND POORS

	Oct 14	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	206.63*	205.64	203.85	203.82	203.82	203.03	216.83 (19/7)	128.24 (4/1)	215.83 (19/7/85)	3.62 (30/6/32)
Composite	185.27*	184.28	182.78	182.52	181.87	181.87	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

	Oct 9	Oct 1	Sept 25	Year Ago (Approx)
Ind div yield %	3.86	3.88	3.88	3.85
Ind. P/E Ratio	12.27	12.38	12.13	10.79
Long Gov Bond Yield	10.61	10.51	10.51	12.28

N.Y.S.E. ALL COMMON

Oct 14	Oct 11	Oct 10	Oct 9	1985 High	1985 Low
107.08*	106.55	105.75	105.54	113.49 (17/7)	94.60 (4/1)

RISES AND FALLS

	Oct 2	Oct 0	Oct 4
Issues traded	1,985	1,988	1,949
Rises	840	583	626
Falls	604	942	844
Unchanged	521	463	479

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Pan Am Corp	2,829,500	8	+ ⅛
Beatrice Co	1,722,100	42½	+1
ITT Corp	1,287,300	34⅞	+ ⅜
Western Air	1,258,100	7⅛	+ ⅛
IBM	868,100	129¾	+1⅛
Pfizer	684,800	45⅛	— ⅝
Jac Eckerd	646,400	29⅝	— ⅛
ATT	600,100	21⅞	+ ⅛
Union Carb	570,800	58¼	+1¼
Colaco Ind	570,600	20⅛	+ ½

Advances 874 Declines 523

TORONTO

	Oct 14	Oct 11	Oct 10	Oct 9	1985 High	1985 Low
Metals & Minls	closed	1,836.79	1,831.4	1,843.45	2190.7 (13/2)	1839.3 (8/1)
Composite	closed	2,818.1	2,806.8	2,806.80	2819.9 (30/8)	2348.5 (8/1)
MONTREAL Portfolio	closed	128.81	128.10	128.10	139.33 (19/7)	117.08 (4/1)

* Indicates pre-close figure

	Oct. 14	Oct. 11	Oct. 10	Oct. 9	1985 High	1985 Low
AUSTRALIA All Ord. (1/1/80)	1038.8	1033.3	1035.2	1023.8	1038.5 (14/10)	715.3 (7/1)
Metals & Minls. (1/1/80)	582.2	527.2	554.5	550.5	585.8 (20/3)	382.5 (7/1)
AUSTRIA Credit Aktien (2/1/62)	108.16	98.51	99.60	100.05	105.75 (17/8)	58.21 (24/1)
BELGIUM Brussels SE (1/1/80)	2641.65	2519.27	2500.35	2522.77	2642.85 (14/10)	2090.7 (18/1)
DENMARK Copenhagen SE (3/1/83)	(u)	231.12	232.23	228.50	251.92 (10/10)	158.44 (8/1)
FRANCE CAC General (31/12/82)	288.8	208.8	206.0	205.4	235.1 (31/5)	188.3 (5/1)
Ind Tendance (28/12/84)	118.1	116.3	118.2	115.8	130.4 (31/5)	100.1 (3/1)
GERMANY FAZ Aktien (31/12/58)	554.37	552.76	548.78	544.82	546.37 (14/10)	382.55 (8/1)
Commerzbank (1/12/53)	1626.7	1558.4	1598.5	1602.9	1626.7 (14/10)	1111.8 (3/1)
HONG KONG Hang Seng Bank (31/7/64)	1594.35	1589.18	1587.89	1606.56	1711.51 (19/9)	1220.74 (2/1)
ITALY Banca Comm Ital. (1972)	484.27	405.55	408.34	413.33	415.33 (9/10)	228.56 (2/1)
JAPAN** Nikkei-Dow (16/5/49)	13017.8	(c)	12867.2	12835.21	13040.1 (6/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1039.95	(c)	1055.53	1028.8	1057.56 (18/7)	918.98 (4/1)
NETHERLANDS ANP-CBS General (1970)	212.4	211.1	211.2	208.8	223.5 (8/8)	186.8 (3/1)
ANP-CBS Indust (1970)	186.7	185.8	185.8	186.5	194.1 (5/8)	147.9 (3/1)
NORWAY Oslo SE (4/1/83)	372.56	373.41	379.51	376.48	376.48 (9/10)	288.16 (2/1)
SINGAPORE Straits Times (1966)	749.68	761.51	764.87	780.72	852.65 (7/3)	717.86 (15/7)
SOUTH AFRICA JSE Gold (28/9/78)	—	1008.2	1053.4	1047.4	1140.8 (15/4)	829.5 (8/8)
JSE Indust (28/9/78)	—	97.53	975.5	574.1	1038.3 (19/7)	787.1 (7/3)
SPAIN Madrid BE (28/12/84)	118.54	118.85	116.21	115.75	118.54 (14/10)	101.48 (2/1)
SWEDEN Jacobson & P (1/1/58)	1343.81	1362.53	1367.74	1374.21	1498.98 (11/2)	1205.32 (6/7)
SWITZERLAND SwissBankCpn (31/12/58)	485.6	488.70	487.1	490.8	493.3 (11/9)	386.7 (3/1)
WORLD Capital Intl. (1/1/70)	—	225.5	224.2	225.1	225.5 (11/10)	184.6 (4/1)

** Saturday October 12: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 35

Stock	Sales (Hnds)	High	Low	Last	Chng
RestrSy	19	17	16⅞	16⅞	
Reuters .15e	64	7½	7½	7½	— ⅛
Sovrans	281	25⅝	25½	25⅝	
Speedy	5	16⅜	16⅛	16⅜	
UFstFd	76	17¼	17	17¼	+ ⅜
UGrdn 1.64t	15	7	7	7	— ¼
[illegible]					

Prices at 3pm, October 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅝	18	AAR	.56	2.4	15	87	23½	23	23¼	+½
17⅜	9¾	AGS			11	62	14½	14¼	14⅜	−⅛
50¾	28⅛	AMR			7	3070	40⅛	39⅛	40	+1
23⅝	18⅝	AMR pf2.18		9.4		1	23¼	23¼	23¼	
14¾	7⅝	APL				9	9⅞	9⅞	9⅞	
61⅛	34¾	ASA	2	5.1		42	38⅞	38⅝	38⅞	+⅛
27	10½	AVX	.32	2.8	17	67	11¾	11¼	11⅜	+⅜
28⅛	19¼	AZP	2.72	11.	7	453	24¾	24½	24¾	+¼
60	38⅝	AbtLab 1.40		2.5	15	818	56	55⅝	56	+½
25⅞	19⅝	AccoWd .50		2.3	18	140	21½	21	21½	+¼
24¾	12¼	AcmeC .40		3.0		25	13⅜	13⅛	13¼	
10½	7⅜	AcmeE .32b		4.2	11	10	7⅝	7½	7⅝	
19	15½	AdaEx 1.92e		11.		42	17⅝	17½	17⅝	+⅜
20	13½	AdmMl .32		1.8	7	21	17½	17¼	17¼	
17¾	8⅝	AdvSys .53t		3.7	21	84	14⅜	14	14⅜	+⅜
37⅜	22⅛	AMD			15	2222	25	24¼	24¾	+⅝
12⅛	8⅛	Advest .12		1.4	18	17	8⅞	8¾	8¾	−⅛
15⅞	10	Aerflex			12	108	14	13⅞	14	
49⅝	34⅜	AetnLf 2.64		5.8	16	3999	46⅛	45¼	45⅞	+¾
37⅜	22⅛	Ahmns 1.20		3.7	8	333	33	32⅝	32¾	−¼
3⅝	2½	Aileen				11	2⅝	2⅝	2⅝	
57	42	AirPrd 1.48		2.8	12	225	53⅝	53¼	53½	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Kidder, Peabody Securities
Limited

Market Makers in Euro-Securities

An affiliate of
Kidder, Peabody & Co.
Incorporated
Founded 1865

New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

Continued on Page 35

NYSE COMPOSITE PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82¾	62¾	PacTele.72		3.1	6	1201	70½	69⅞	70⅝	+¼
15	9¼	PacTin .40		3.4	7	26	11⅞	11¾	11⅞	+⅜
51⅞	23⅛	Pacificp2.40		8.3	8	676	28¾	28⅜	28¾	+¼
36	30⅝	Pacif pf4.07		12.		34	26	34½	34½	+¼
43⅛	26½	PainWb.60		2.1	17	968	28	27¼	28	+¾
34⅞	25⅞	PainW pf2.25		8.5		253	26⅝	26⅛	26⅝	+⅜
35	32⅞	PalmBd.20		3.5	33	25	34⅞	34¾	34¾	
40½	20¼	PanABk.70		1.9	8	1056	37½	37	37¼	+¼
8¾	4	PanAm				21793	8⅛	7½	7⅞	+¼
4	1¾	PanA wt				1208	3⅛	3	3⅛	+¼
21	13⅝	Pandck.20		1.4	10	289	13⅞	13½	13⅞	+½
41½	32⅝	PanhEC2.30		6.6	11	1727	35¼	34⅞	34⅞	−¼
8	3½	PantPr			27	316	5⅞	5¾	5⅞	−⅛
19⅝	13⅝	Paprcft.40j			15	428	18⅝	18½	18½	−⅛
18⅝	7	Pardyn				1243	7¾	7½	7½	
16	11⅛	ParkEl .03e		.2	11	30	13⅛	12⅞	12⅞	−¼
7½	4	ParkDr.160		1.9		150	4⅜	4¼	4¼	−⅛
39½	28¼	ParkH 1.12		3.5	10	9	31⅞	31¾	31¾	−⅜
21⅝	14⅝	ParkPn.52f		2.5	30	43	20⅞	20½	20⅞	+⅛
2½	1½	PatPtrl			2	171	2⅛	2⅛	2¼	
16¼	11½	PayNP .64		5.8	13	38	12⅛	12⅛	12⅛	
23⅝	13¼	PayCsh .16		1.1	13	407	14¼	14⅛	14¼	−⅛
11½	8¾	Peabdy .20		1.8	29	555	11⅛	10⅝	11⅛	+⅜
1⅜	5-16	Pengo				41	¼			
56⅝	43¾	PenCen			12	566	49½	48⅝	49¼	+½
55¼	44⅝	Penney2.36		5.0	9	617	47⅞	46⅝	47	+¼
27⅞	23½	PaPL 2.56		11.	8	571	24½	24¼	24¼	+⅛
40¾	31¼	PaPL pf4.40		12.		z40	37½	37⅛	37½	−½
40½	32	PaPL pf4.50		12.		z150	37⅛	37	37⅛	
74	58⅛	PaPL pr8.40		12.		z130	68¾	68	68	−1½
28½	24¼	PaPL dpr3.25		12.		2	28⅛	28⅛	28⅛	
31¼	26⅜	PaPL dpr3.75		12.		8	30½	30¼	30½	+⅛
103	88¼	PaPL pr 11		11.		z570	102½	102½	102½	
109	98	PaPL pr 13		13.		z20	104	104	104	+1
[illegible]										
112¼	103½	Reyln pf			1		109¾	109¾	109¾	+⅛
130¼	125¾	Reyln pf12.96		10.		199	128⅝	128	128⅝	
41¼	28¼	ReyMl8 1		3.0	8	342	34	33⅝	33½	−⅛
67	68	ReyM pf4.50		6.2		5	73	73	73	
26⅝	24½	ReyM pf2.30		8.8		4	26	26	26	−¼
68¾	28⅝	RchVck1.48b		2.2	23	1851	68⅛	67⅞	68	+⅛
33½	21½	RiteAid .50		2.3	14	1690	22¼	21⅝	23⅛	−⅛
7⅞	2½	RvrOk n			17	47	2⅞	2⅞	2⅞	
36⅝	28⅛	RobshwL.12		3.4	7	10	32⅞	32¾	32⅞	−⅛
41⅞	25½	Robtsn 1.60		6.0		15	26½	26½	26½	+¼
24⅝	5½	vjRobins				975	8½	7⅞	8½	+⅝
24⅞	16⅞	RochG 2.20		11.	5	164	20½	20¼	20¼	+⅛
42⅛	51	RochT2.44		6.8	9	27	36⅛	35⅝	35⅝	−⅛
20⅝	18¼	RokCtr n				490	18½	18⅛	18½	
[illegible]										
24	13¼	Tidwtr .30		5.8		454	15¾	15⅝	15⅝	−⅛
10½	5⅜	Tigerin				1218	8	7¾	7¾	+⅛
61¾	40	Time 1		1.8	17	184	56⅞	56½	56⅞	+⅜
17¼	14¾	Timplx			18	294	19⅞	19½	19¾	+¼
58½	38¾	TimeM 1.36		3.0	13	750	46	44¾	46	+1¼
57⅞	45¼	TimkenL.80a		4.0	21	21	45⅞	45⅝	45½	
9¼	4⅛	Titan				11	5⅜	5½	5½	−⅛
11⅜	8⅞	Titan pf 1		13.		5	10	10	10	
39⅞	25⅝	TodShp1.32		4.5	7	1	29⅝	29⅝	29⅝	−¼
21¼	15¾	Tokhm .48		2.7	11	15	17⅝	17⅝	17⅝	+¼
21¼	16½	ToiEdis2.52		13.	5	420	20	19⅝	20	+⅛
29½	24⅝	ToiEd pf3.72		13.		18	28½	28¼	28⅝	
30¾	24¼	ToiEd pf3.75		13.		16	28¾	28½	28¾	+⅜
[illegible]										
4¼	2⅞	Wurltzr				17	3¼	3⅛	3⅛	
15	10⅝	WyleLb .32		2.8	25	73	11	11	11	
23⅝	15½	Wynns .80		3.2	8	43	19	19	19	
		X Y Z								
55½	35¼	Xerox 3		6.4	13	3380	47½	46¼	46⅝	−⅛
55½	47⅛	Xerox pf5.45		10.		1	54¾	54¾	54¾	+⅛
30¼	24⅝	ZaleCp 1.32		4.7	10	43	28⅝	27¾	28⅛	+⅛
18⅝	7¼	Zapata .12		1.5	59	172	8⅛	8⅛	8¼	+⅛
57⅞	32⅝	Zayre s .40		.9	16	696	53	51⅝	53	+1¼
27	18¼	ZenithE			18	301	16⅞	16⅝	16¾	
21⅞	15¾	Zero s .32		1.7	18	30	19½	19⅝	19⅝	−¼
37¼	23⅝	Zurn 1.32		3.9	11	94	34⅝	34⅛	34¼	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, October 14

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

[illegible]

Continued on Page 33

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Gains held despite holiday lull

THE CLOSURE of federal government offices and the New York banks for the Columbus Day holiday yesterday took the heat out of trading on Wall Street. Although the major U.S. stock exchanges opened for business, Federal bonds were not traded and equity trading was cut by lower attendance at brokerage houses and investment institutions.

However, the flow of corporate results continued and stock prices held on to the widespread gains achieved on Friday. The technology sector again provided leadership as IBM's third quarter trading statement was digested. Bank stocks were strong, behind a 81 per cent gain in earnings at Chase Manhattan.

At the close the Dow Jones industrial average was 14.79 up at 1,354.73.

The Dow transportation average rose sharply, as selected rail stocks and airline issues turned higher. Burlington Northern, reporting sharply higher earnings, gained $2 to $64. Union Pacific, also due to report earnings, jumped $1⅝ to $48½ and CSX added $¼ to $25¼ in hefty turnover.

Pan American strengthened by $⅜ to $8⅜ in heavy turnover after receiving federal approval for the sale of its Pacific operations to United Airlines. American Airlines was $⅞ up at $39⅞.

Analysts' views on the outlook for the stock market are now divided. Some warn that the Dow industrial average, boosted recently by takeover features, may be deceptively close to its July peak of 1,359. Others, however, see a rebounding economy, and point to the market's apparently buoyant reception for third quarter results from major companies.

NCR rose strongly, despite a dip in third-quarter earnings, repeating the pattern set on Friday by IBM. At $33¾, NCR gained $1¼, while IBM at $128⅛ was a further $½ higher.

Among other technology stocks Honeywell edged up by $½ to $60⅛, Burroughs by $¾ to $53⅞ and Digital Equipment by $⅞ to $107.

Control Data edged up by $⅛ to $18¾ on the sale of two more units of its commercial credit subsidiary.

The long-awaited upturn in U.S. semiconductor shipments brought a general improvement in the chip manufacturers. Despite the poor trading news disclosed last week, Motorola added $¾ to $31¾ and National Semiconductor firmed $⅛ to $32½.

Canadian stock exchanges were closed for a national holiday.

Paper industry stocks held firm after major companies confirmed that earnings are still weak. Boise Cascade at $42⅛ added $⅛ and Great Northern Nekoosa at $36½ was unchanged, after both announced lower profits for the third quarter.

Chase Manhattan gained $⅜ to $54¼ on the profit news. Other bank issues continued to move higher in response to the flow of results from the big names. Bankers Trust, expected to announce results shortly, added $⅞ to $63⅞. BankAmerica at $14⅜ added $⅛.

The strong gain in September retail sales firmed stores. Sears added $½ to $32⅞

However, motor stocks again responded with caution to the buoyancy in sales. General Motors shed $¼ to $69⅞ and Ford $⅛ to $46⅝.

Takeover stocks returned to centre-stage. Beatrice Foods, after a quiet start, topped the NYSE active stocks list jumping $1⅞ to $42⅞. International Multifoods, up $3 at $40⅜, took over the running from Pillsbury, $⅛ firmer at $1⅛, and quaker Oats, down $⅝ at $57¼.

In Pharmaceuticals, Baxter Travenol edged up $½ to $13¾ on higher profits. The rest of the sector was also firm, with the exception of Pfizer which slipped $1 to $44⅞ after rising sharply on Friday.

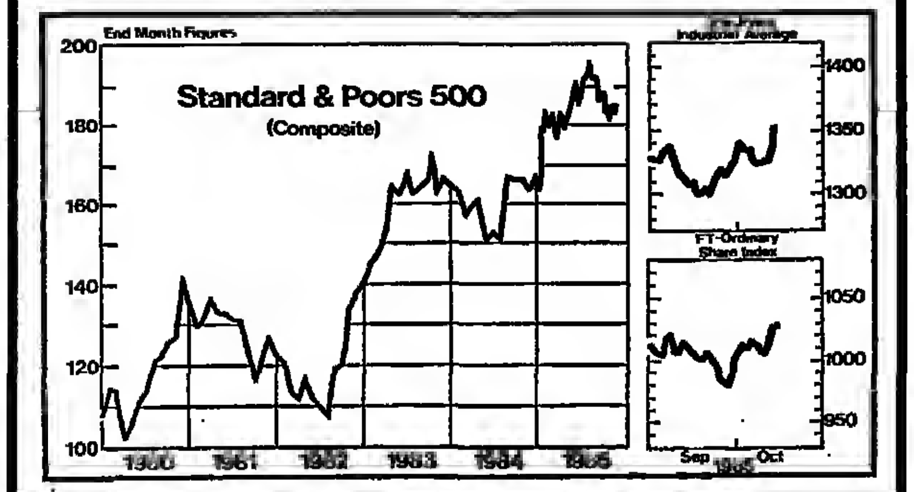
Chemical stocks stood out well. Monsanto, at $42⅞, recouped $⅞ of the fall which reflected fears of problems in Europe with some drugs produced by G. D. Searle, the recent Monsanto aquisition.

On the American Stock Exchange, Resorts International returned to trading with a $2⅛ to gain at $44⅛ in the B shares after disclosing it was seeking to finance a major asset sale.

Stock in SCM eased by $S to $72½ in light trading as Wall Street awaited this week's court hearings on the directors' defence moves against the bid from Hanson Trust of the UK.

The credit sector, lacking a lead from the federal bond trading desks, lay dormant. The delay in the Senate's decision on the new federal debt ceiling will mean further uncertainty in the bond markets when they return to work after the Columbus Day break.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Oct 14	Previous	Year ago
DJ Industrials	1,347.22*	1,339.84	1,190.70
DJ Transport	658.12*	647.47	517.40
DJ Utilities	153.98*	154.08	140.75
S&P Composite	547.19*	184.28	164.18
LONDON			
FT Ord	1,028.8	1,027.5	881.6
FT-SE 100	1,321.2	1,322.3	1,143.7
FT-A All-share	643.71	642.75	540.03
FT-A 500	705.34	704.91	586.68
FT Gold mines	294.6	291.4	554.6
FT-A Long gilt	10.17	10.16	10.37
TOKYO			
Nikkei-Dow	13,017.29	12,949.92	10,684.50
Tokyo SE	1,039.90	1,037.64	828.70
AUSTRALIA			
All Ord.	1,036.5	1,033.4	749.1
Metals & Mins.	528.2	527.2	450.1
AUSTRIA			
Credit Aktien	100.18	99.51	56.24
BELGIUM			
Belgian SE	2,642.65	2,510.27	–
CANADA	Oct 14	Prev	Year ago
Toronto			
Metals & Minls	closed	1,836.79	1,962.00
Composite	closed	2,618.1	2,386.7
Montreal			
Portfolio	closed	126.81	117.23
DENMARK			
SE	231.12	231.92	171.24
FRANCE			
CAC Gen	209.3	207.5	181.8
Ind. Tendance	118.1	116.3	96.7
WEST GERMANY			
FAZ-Aktien	554.37	542.04	369.32
Commerzbank	1,626.7	1,586.6	1,074.3
HONG KONG			
Hang Seng	1,594.35	1,583.55	983.14
ITALY			
Banca Comm.	404.27	404.87	211.50
NETHERLANDS			
ANP-CBS Gen	212.4	210.8	178.2
ANP-CBS Ind	186.7	185.0	140.1
NORWAY			
Oslo SE	372.53	370.76	255.80
SINGAPORE			
Straits Times	749.63	757.15	854.76
SOUTH AFRICA			
JSE Golds	–	1,058.2	997.9
JSE Industrials	–	975.3	860.7
SPAIN			
Madrid SE	118.54	117.01	106.51
SWEDEN			
J & P	1,343.81	1,350.12	1,451.77
SWITZERLAND			
Swiss Bank Ind	485.0	486.7	374.1
WORLD	Oct 11	Prev	Year ago
Capital Int'l	225.5	224.1	180.8

GOLD (per ounce)

	Oct 14	Prev
London	$327.00	$326.00
Zürich	$326.65	$325.95
Paris (fixing)	$327.37	$326.34
Luxembourg	$327.00	$326.00
New York (Dec)	$329.80	$330.70

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Oct 14	Previous	Oct 14	Previous
$	–	–	1.4135	1.412
DM	2.6615	2.658	3.7625	3.7525
Yen	215.4	215.6	304.5	303.0
FFr	8.11	8.11	11.465	11.45
SwFr	2.181	2.1795	3.0825	3.0775
Guilder	3.0	2.998	4.24	4.2325
Lira	1,794.0	1,793.5	2,536.25	2,532.5
BFr	53.85	53.8	76.1	76.1
C$	1.3685	1.369	1.934	1.9292

INTEREST RATES

	Oct 14	Prev
Euro-currencies (3-month offered rate)		
£	11⅝	11⅝
SwFr	4⅝	4⅝
DM	4¾	4¾
FFr	10½	10½
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¼	8¼
6-month U.S.$	8⅜	8⅜
U.S. Fed Funds	closed	7[illegible]
U.S. 3-month CDs	closed	7.9
U.S. 3-month T-bills	closed	7.175

U.S BONDS

Treasury		Oct 14* Price	Oct 14* Yield	Prev Price	Prev Yield
9	1987	closed	closed	100[illegible]	8.94
10⅝	1992	closed	closed	100[illegible]	10.23
10½	1995	closed	closed	100[illegible]	10.36
10⅝	2015	closed	closed	99[illegible]	10.63

Corporate	Oct 14* Price	Oct 14* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	100⅛	10.35	100⅛	10.35
3⅞ July 1990	81¾	8.65	81¾	8.65
8¾ May 2000	83¾	11.00	83¾	11.00
Xerox				
10⅞ Mar 1993	98⅝	10.95	98⅝	10.95
Diamond Shamrock				
10⅜ May 1993	96⅝	11.30	96⅝	11.30
Federated Dept Stores				
10⅜ May 2013	93⅞	11.35	93⅞	11.35
Abbot Lab				
11.80 Feb 2013	102⅞	11.45	102⅞	11.45
Alcoe				
12¼ Dec 2012	99⅛	12.35	99⅛	12.35

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	75–10	75–11	75–04	75–04
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.78	92.79	92.76	92.76
Certificates of Deposit (IMM) $1m points of 100%				
Dec	91.96	91.97	91.96	91.96
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.69	91.66	91.64	91.69
20-year Notional Gilt £50,000 32nds of 100%				
Dec	113–16	113–18	113–10	113–12

COMMODITIES

(London)	Oct 14	Prev
Silver (spot fixing)	440.40p	440.50p
Copper (cash)	£977.00	£976.50
Coffee (Nov)	£1,624.00	£1,624.00
Oil (spot Arabian Light)	$27.75	$27.75

LONDON

Profit-taking fails to halt record climb

A NEW peak was scaled in London yesterday – but only just as profit-taking trimmed earlier enthusiastic gains.

The FT Ordinary index, which shot up to 1,036.0 during the day, slipped back to close 1.3 up on Friday at a new record of 1,028.8.

The early enthusiasm for blue chip industrials, fuElled by Wall Street's improvement on Friday, began to wane as news spread of disappointing provisional retail sales figures for September.

Among actives, Amersham International and British Aerospace both firmed 10p to 310p and 460p respectively, Cable and Wireless was also up 10p to 615p, Commercial Union added 7p to 238p and French Kier was up 9½p to 220p ex-dividend.

Government securities were inclined harder although stocks within the area of the new tap, Treasury 10 per cent 2001 announced on Friday, eased ⅛ to ¼.

Chief price changes, Page 33; Details, Page 32; Share information service, Pages 30–31.

AUSTRALIA

SELECTED industrials, particularly BHP, led Sydney to another record yesterday despite a lack of interest from overseas buyers.

The All Ordinaries index closed the day 3.2 up at 1,036.5, 1.2 higher than the record set on Thursday last week.

Trading was sharply down on last week, with a turnover of 47.9m shares, and gains outnumbered falls 228 to 208.

BHP added 8 cents to A$8.84 while other market leaders included CRA, which firmed 4 cents to A$5.84, Bell Group which was steady at A$11.6 and Western Mining which was down 10 cents to A$3.8.

Philip Morris, subject of a takeover bid at A$11 a share by its U.S. parent company, gained 80 cents to A$11.90.

Good support was noted for media stocks, with Herald and Weekly Times and News Corp both 10 cents firmer at A$5.56 and A$8.00 respectively.

Elsewhere, ANZ shed 4 cents to A$5.12, Elders IXL was down 3 cents to A$3.90, Bridge Oil lost 10 cents to A$2.30 and James Hardie fell 5 cents to A$3.40.

Among gainers were Lend Lease, 2 cents up at A$8.50, Westpac Bank, which added 2 cents to A$5.26, Howard Smith, up 4 cents to A$8.24 and Coles, which firmed 5 cents to A$4.40.

HONG KONG

LATE buying of selected shares helped lift Hong Kong in quiet trading although there was a continued lack of interest from overseas investors. The Hang Seng index closed 10.80 higher at 1,594.35.

Among actives Swire rose 40 cents to HK$25 on speculation that the company might float its aviation arm, Cathay Pacific Airways.

Elsewhere, gains of 10 cents were registered by Cheung Kong, at HK$18.60, Hongkong and Shanghai Bank, at HK$7.10, and Jardine Matheson, at HK$12.40.

Hutchison Whampoa shed 20 cents to HK$25.70, Hongkong and Kowloon Wharf was down 5 cents to HK$6.85 and Henderson Land, at HK$2.22, and Hongkong Telephone, at HK$8.65, were both steady.

SINGAPORE

BUYING interest waned and profit-taking set in Singapore where the Straits Times industrial index fell 7.52 to close at 749.63.

Moderate falls were experienced by most sectors. Hong Leong Finance was down 2 cents to S$2.55, Keppel Shipyard lost 3 cents to S$1.14, Malay Banking shed 10 cents to S$5.85, as did OCBC which closed at S$8.05.

Against the trend, Genting added 5 cents to S$5.85 while DBS, at S$5.85, and Singapore Press at S$6.00, were steady.

EUROPE

Brussels cheers poll from peak

A ROUSING endorsement was given in Brussels yesterday to the victory of the Belgian centre-right coalition Government, sending share prices to record levels during hectic trading.

The buying encompassed a broad range of domestic and internatioocal issues and trading was sufficiently active for bourse authorities to extend the session by 30 minutes.

The Belgian SE index closed at a high for the year of 2,642.85, up 132.38 and representing a 5.3 per cent improvement.

Demonstrating the size of the advance and the volume backing the movements, Société Générale Belgique, which lagged behind the market in early business, closed up BFr 115 at BFr 2,020 on a turnover of 57,000 shares compared with a daily average of several thousand.

Among banking stocks, Société Générale de Banque closed BFr 375 higher at BFr 4,130, followed by Kredietbank, up BFr 400 to BFr 9,500, and Banque Internationale, up BFr 100 to BFr 7,700.

Daimler Benz's offer for AEG enlivened trading in Frankfurt and pushed the Commerzbank index to a record with a gain of 39.5 to 1,626.10. Late selling, primarily from foreign sources, trimmed back the advances but most leading issues ended higher.

In part the late easing was due to disappointment with the terms of the offer. Daimler closed up DM 38 at DM 1,073, compared with its high for the day of DM 1,080. AEG was suspended.

The activity in the stock flowed through to other motor issues. By the close, VW was up DM 5.50 to DM 329 and Porsche DM 4.50 at DM 1,294.50, but BMW edged against the trend easing DM 2 to DM 488.

Chemical stocks were again in demand with BASF up DM 8 to DM 252.50, Hoechst DM 5 higher at DM 238.70, and Bayer DM 2.30 ahead to DM 235.80.

Bond prices were virtually unchanged in quiet business. The closure of banks and financial institutions in New York was cited as a reason for the slow-down after last week's steep slide. The Bundesbank bought DM 8.1m worth of domestic paper, compared with DM 125.7m on Friday.

Modest gains were posted in Amsterdam, continuing the recovery which began last week.

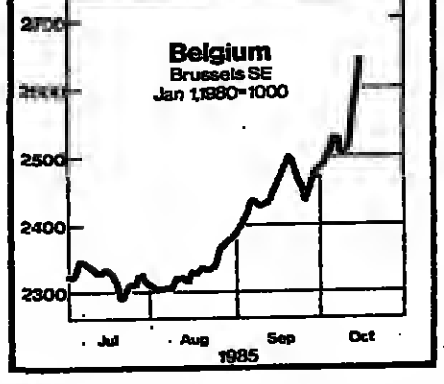
Among internationals, Unilever firmed Fl 2.70 to Fl 325.50 and Royal Dutch 20 cents to Fl 188.30.

Although a broad section of leading issues closed higher in Paris, turnover remained relatively low. A slowdown in the domestic inflation rate during September was seen as the prime reason for the strength.

In the food and drink sector, Pernod led the field with a FFr 17 rise to FFr 668 with Moet Hennessy up FFr 7 to FFr 1,851 and Perrier FFr 3.5 higher at FFr 437.

A generally easier tone developed in Zurich, with price movements restricted between narrow bands and turnover slightly down as investors remained on the sidelines.

Banks were little changed while among financials and holding companies, Adia firmed SwFr 50 to SwFr 4,490, Galencia SwFr 15 to SwFr 700 and Jacobs Suchard SwFr 100 to SwFr 7,600.



In pre-bourse business Sprecher und Schuh jumped SwFr 230 to SwFr 1,530 when trading resumed after last Thursday's suspension on news that Alsthom of France would acquire a major part of the company's business.

Milan was active with prices ending mixed. Growing strains with the country's coalition Government, generated by aftermath of the hijack of the Italian passenger liner, unsettled business, although dealers were surprised by the relative resilience displayed.

Stockholm was easier and trading was thin in Madrid.

SOUTH AFRICA

THE FIRM bullion price and weak rand gave a slight fillip to golds which closed higher in Johannesburg.

Randfontein closed R5 up at R225 and Elsburg added 20 cents to R4.90. Mining financials and other mines followed the trend with Anglo American 85 cents higher to R33.25, Rustenburg Platinum 50 cents up at R23 and diamond share De Beers 35 cents firmer at R12.80.

Elsewhere AE&CI was 10 cents up at R7.90, Barlow Rand added 5 cents to R11.05, Nedbank firmed 2 cents to R11.70 and SA Breweries was 5 cents higher at R7.80.

TOKYO

Selective support returns

DESPITE A LACK of fresh incentives, large-capital, domestic demand-related and biotechnology issues attracted small-lot buying yesterday, pushing share prices higher for the seventh consecutive trading day, *writes Shigeo Nishiwaki of Jiji Press.*

However, blue chips – especially electrical and precision instrument stocks, which were popular last week – came under selling pressure.

The Nikkei-Dow average gained 67.37 from the previous day's close to reach 13,017.29, passing the 13,000 mark for the first time in about three months. Volume totalled 354.4m shares compared with Friday's 383.1m. Advances outnumbered declines by 446 to 351, with 143 issues unchanged.

The sharp rise demonstrated that buying interest among individuals and institutional investors with surplus funds was stronger than expected, according to a representative of a large securities firm.

Large-capital stocks traded strongly. Nippon Steel was the most active and 30.7m shares changed hands as it added Y2 to Y191. Mitsubishi Heavy Industries was the next most active with a turnover of 20.4m shares. It firmed Y10 to Y460. Kobe Steel gained Y4 to Y221 and Tokyo Electric Power Y30 to Y2,640.

Asset-heavy stocks such as property and warehouse groups were at the fore of issues to benefit from expansion in domestic demand.

Nippon Express, with 16.9m shares traded, jumped Y19 to Y699. Mitsui Real Estate Development added Y80 to Y1,140, while Mitsubishi Estate rose Y30 to Y1,130.

Biotechnology-related stocks aroused speculative interest. Meiji Seika Kaisha advanced Y20 to Y577, Kureha Chemical Industry Y46 to Y941, Yamanouchi Pharmaceutical Y60 to Y3,230 and Green Cross Y50 to Y2,330. Mochida Pharmaceutical scored a daily allowable gain of Y1,000 to Y10,690.

Blue chips were depressed by profit-taking, with Toshiba losing Y7 to Y393, Hitachi Y7 to Y690, Canon Y30 to Y1,110, Sony Y110 to Y3,570 and Fujitsu Y10 to Y1,040.

Bond trading was inactive as institutional investors and brokerage houses retreated to the sidelines, awaiting the preliminary figure to third-quarter U.S. gross national product (GNP) on Thursday.